

**The Study of Endogenous Corporate Social Responsibility in Saudi Arabia**

**A Thesis submitted in fulfilment of the  
Requirements for the award of the degree of**

**DOCTOR OF PHILOSOPHY**

**From**

**The University of Chester  
University of Chester Business School**

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## ABSTRACT

Corporate Social Responsibility (CSR) is striving to reach the business community of Saudi Arabia from Western and International CSR prospective. However, they are faced with local endogenous<sup>1</sup> CSR factors indicating the distinctive Saudi CSR features and characteristics originating from within Saudi Arabia during the current early CSR initiatives. Saudi Arabia is an advocate for Islamic teaching and practices, throughout the Islamic world abiding comprehensively to the Islamic social care system, which is interlocked with additional unique cultural, national, and social expectations. Those factors overlap with the semi-official governmental endorsements and the private sector's unique conceptualization of CSR, which, in essence, formulate the endogenous distinctive Saudi CSR characteristics (Saudi CSR) considered to be under-researched in comparison to the CSR generic debate in other countries.

The research questions are: what are the endogenous Saudi CSR Characteristics? How can they be related to the local Saudi CSR unique conceptualization? And could they be interpreted using Carroll's 1979, 1991, and 3D CSR Models?

The study primarily aims to empirically investigate, identify, and analyse the unique origination of the Saudi CSR model and the misconceptualizing it has to the International CSR regulatory framework. It also aims to provide a possible template for the Saudi National CSR strategy respectively. It focuses upon investigating whether the empirically formulated and identified Saudi endogenous CSR's context and characteristics can be aligned, analysed and/or interpreted in light of CSR generic theories, and the international CSR standardization for reporting initiatives, including Carroll's Four dimensions: 1979 and Pyramid 1991, and the Three-Domain 2004 CSR models (Mark et al., 2004). The analytical analysis demonstrates that a Saudi national CSR strategy has not been established yet; hence the current study provides a template for building up such strategy.

A conceptualized theoretical framework is formulated utilizing both empirical evidence from pilot studies and the narrative analytical analysis, which aimed at identifying and exploring Saudi CSR uniqueness using an eclectic research approach. The indirect Saudi CSR evidence was investigated using questionnaires, document analysis and Semi-structured interviews, which

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<sup>1</sup> Endogenous indicates the distinctive Saudi CSR features and characteristics originated from within Saudi Arabia

comprised nearly 380 Saudi organizations within the private, listed, and Non-profit sectors. Data Analysis including King Khalid Foundation, Saudi companies and CSR Data reflection revealed a set of endogenous distinctive characteristics, which are validated using triangulation data collection tools.

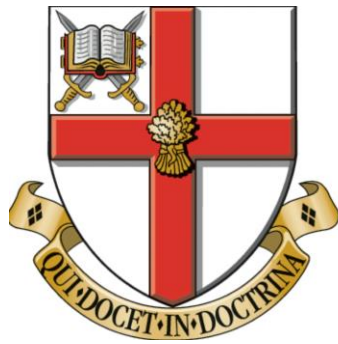
The findings of the study suggest that the Saudi CSR characteristics (endogenous features) fall within the following categories evidenced by their practical applications, Saudi companies' strategic policies and Saudi leadership's CSR own self-generated principles: (1) Islamic Philanthropy, (2) Social Obligation, (3) National Development Obligation (5) Corporate Citizenship (6) National Economic Developments (7) National Competitiveness, (8)Stakeholder's Expectation and (9) Environmental and Global Expectation and (10) Corporate Governance.

Furthermore, data analysis displays that Carroll's 3D CSR model sets certain suitability limitations for Saudi CSR interpretations. It also reveals the need for utilizing the adopted Carroll's combined model formulated in the present study; its utilization conforms to the Saudi CSR components while formulating the required Saudi national CSR.





## CERTIFICATION



# University of Chester

### **DECLARATION CONCERNING THE THESIS**

This thesis is submitted under The University of Chester's Regulations for the award of PhD degree by research.

**I, Adnan Eisa Ali Saeidi**

**Of**

**UNIVERSITY OF CHESTER BUSINESS SCHOOL**

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**UNITED KINGDOM,**

Solemnly and sincerely declare, in relation to the thesis entitled:

**“The Study of Endogenous Corporate Social Responsibility in Saudi Arabia”**

- (a) That the thesis is my own work and has been done by me, personally and that all sources which I have consulted or used have been indicated or acknowledged by means of complete references or citations.
- (b) That the material, which I hereby submit to the University of Chester, for the degree of Doctor of Philosophy in Corporate Social Responsibility, has not previously been submitted by me in whole or in part, for any other degree or diploma at another University or other institution of Learning.

Signed:

Date: 15/03/2017

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My upmost gratitude and thanks go to Almighty ALLAH for His blessing; He empowered me to carry out this piece of research to fruition and to make my own contribution to knowledge.

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## **DEDICATION**

I DEDICATE MY RESEARCH TO:  
HIS MAJESTY, KING SALMAN BIN ABDULAZIZ AL SAUD  
THE CUSTODIAN OF THE TWO HOLY MOSQUES FOR HIS  
PHILANTHROPIC CONTRIBUTION TO THE SAUDI PEOPLE  
AND TO KING KHALID FOUNDATION AS AN APPRECIATION  
FOR THEIR ROLE IN THE STRATEGIC PROMOTION OF CSR  
AND SERVING THE NEEDY IN SAUDI ARABIA,  
MY BELOVED MOTHER RHAMA, WHO HAD PASSED AWAY  
DURING THE END OF THE STUDY MAY ALLAH BLESS HER  
SOUL.  
MY CHERISHED WIFE, AOUEATIF,  
MY SISTERS HAYAT AND ZHOOR AND LASTLY TO MY  
CHILDREN FAISAL NASSER SOPHIA AND AYMAN.

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## **LIST OF ABBREVIATIONS**

<b>CSR</b>	<b>Corporate Social Responsibility</b>
<b>G4</b>	<b>GRI Fourth generation</b>
<b>GRI</b>	<b>The global Reporting Initiatives</b>
<b>GSSB</b>	<b>The Global Sustainability Standards Board</b>
<b>IFRS</b>	<b>International Financial Reporting Standards</b>
<b>ISEA</b>	<b>The Institute of Social and Ethical Accountability</b>
<b>JSC</b>	<b>Saudi joint stock companies</b>
<b>SCL</b>	<b>Saudi Companies' Law</b>
<b>WCED</b>	<b>The World Commission on Environment and Development</b>
<b>AAI000</b>	<b>Accountability Standard</b>
<b>BCMA</b>	<b>The Board of Capital Market Authority”</b>
<b>CFP</b>	<b>Corporate financial performance</b>
<b>CML</b>	<b>The Capital Market Law</b>
<b>CSR</b>	<b>Corporate Social Responsibility</b>
<b>DZIT</b>	<b>Department of Zakat and Income Tax</b>
<b>ESG</b>	<b>Environmental, Social and Governance)</b>
<b>GAAP</b>	<b>Generally Accepted Accounting Principles</b>
<b>GCC</b>	<b>Gulf Corporation countries</b>
<b>GCI</b>	<b>Global competitive Index</b>
<b>GDP</b>	<b>Gross Domestic product</b>
<b>IFAC</b>	<b>The International Federation of Accountants</b>
<b>ISO</b>	<b>International Standard Organization)</b>
<b>ISO</b>	<b>International Standard Organization</b>
<b>ISO26000</b>	<b>International Standard Organization Guidelines for CSR</b>
<b>K.S.A</b>	<b>Kingdom of Saudi Arabia</b>
<b>LPA</b>	<b>Saudi Arabia enacted the Law of Public Accountants</b>
<b>MENA</b>	<b>Middle East-North Africa</b>
<b>MNC</b>	<b>Multinational corporations</b>
<b>NGO's</b>	<b>Non-Profit Organization</b>
<b>NPOs</b>	<b>Non-Profit Organization</b>
<b>NPOs</b>	<b>Non Profit Organizations</b>
<b>OECD</b>	<b>Organisation for Economic Co-operation and Development</b>

<b>P's</b>	<b>Profit People and Plant</b>
<b>RCI</b>	<b>Responsible Competitiveness Index</b>
<b>SAGIA</b>	<b>General Investment Authority</b>
<b>SAMA</b>	<b>Saudi Arabian Monetary Agency</b>
<b>SCGRs</b>	<b>Saudi Corporate Governance Rules</b>
<b>SCGRs</b>	<b>Saudi Corporate Governance Regulations 2006</b>
<b>SCMA</b>	<b>Saudi Capital Market Authority</b>
<b>SNCSRS</b>	<b>Saudi National CSR strategy</b>
<b>SOCPA</b>	<b>Saud Organization of Public Accountants</b>
<b>SR</b>	<b>Social Responsibility</b>
<b>SWOT</b>	<b>Strength Weakness opportunity Threats</b>
<b>Tadawul</b>	<b>Saudi Stock Exchange (Arabic meaning)</b>
<b>TBL</b>	<b>Triple bottom line</b>
<b>WBCSD</b>	<b>World Business Council for Sustainable Development</b>

## **CHAPTER 1: INTRODUCTION**

The chapter aims to highlight the magnitude of the research problem of corporate social responsibility (CSR) in Saudi Arabia. It presents the purpose of the study: the research rationale and justification; the respective research aims and objectives; overall representation of the research model of the thesis.

### **1.1 The Problem Statement**

CSR characteristics and model can be defined by the local culture and ethics, and by the business community's obligations to the social responsibility of the society. Carroll (1999) points out that "it is possible to trace evidence of the business community's concern for society for centuries, which can vary from country to country". Saudi Arabia is an advocate of Islamic teaching and practices throughout the Islamic world. It abides comprehensively by the Islamic social care system, which is intertwined with additional unique cultural, national, and social expectations. Those factors overlap the semi-official governmental endorsements and the private sector's unique conceptualization of CSR, which, in essence, formulate the endogenous<sup>2</sup> distinctive Saudi CSR characteristics. They are considered to be under-researched in comparison to the CSR generic debate in Saudi Arabia and in other countries. Therefore, the main theme of the thesis is to be able to ascertain those endogenous distinctive Saudi CSR characteristics, especially in relation to the misinterpretation<sup>3</sup> and unique conceptualization by Saudi public and private organizations

This study ascertains that CSR strives to reach the business community of Saudi Arabia from Western and international CSR perspectives, especially as more Saudi companies (for example ARAMCO) are expanding their operation globally, which in essence leads them to interact with and utilize both Western and international CSR principles. However, the Saudi CSR model formulation faces local endogenous boundaries set by the distinctive Saudi CSR features and characteristics that originate within the deeply Islamic teaching, the unique Saudi natural culture, and the rising local social obligations aligned to the country's social

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<sup>2</sup> Endogenous: Distinctive characteristics driven by and originating from within the Saudi cultural, social, and business environments and the scope of CSR initiatives and developments in Saudi Arabia.

<sup>3</sup> This term relates to how Saudi companies understand, mismatch and apply Westerns CSR generic concepts within Saudi Arabia.

development plan. This is in addition to the unique Saudi CSR initiatives represented by the Saudi Arabia general investment authority (SAGIA) and the King Khalid Foundation (KKF), which are at early developmental stage. The research explores and establishes what are referred to as endogenous CSR characteristics. It uses context analysis, which aims to investigate the contextual factors responsible for setting up the current Saudi CSR model.

This can be achieved through the formulation of a conceptual model for the distinctive characteristics of the CSR concepts, practices, and initiatives found in Saudi Arabia. Additionally, it can promote understanding and appreciation of those distinctive 'endogenous' characteristics, together with the categorization and analysis of the related origins and the prospective CSR philosophies. Carroll's 1979, 1991, and 2004 CSR models will be used.

## 1.2 The Research Background

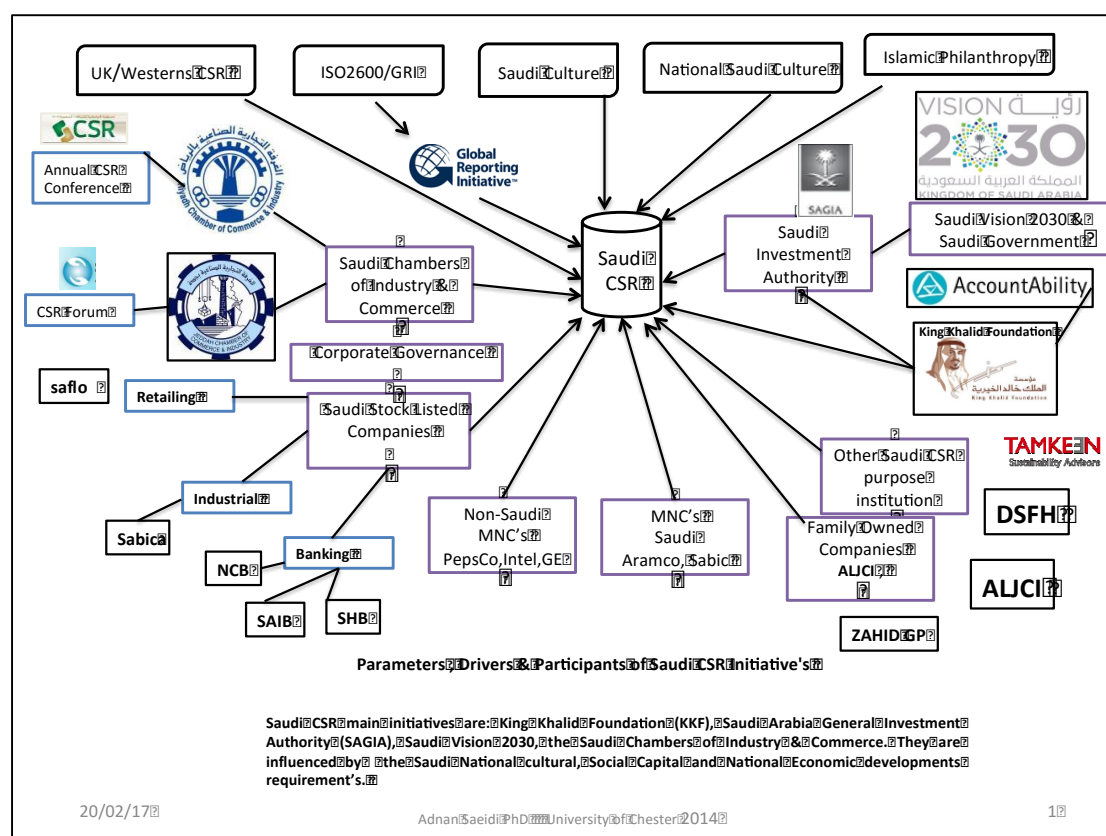


Figure 1: Retrospective Findings of the Current Saudi CSR Scope

Source: Contribution from the research, author's findings.

‘A picture speaks a thousand words’, and the above picture represents an overview of the background to this research. The researcher believes that Figure 1 presents an overall picture of the current state of affairs of the Saudi CSR and the magnitude of the problem.

In the view of the researcher, the main influencing factors and drivers resulting in the formulation of the CSR initiatives in Saudi Arabia are the King Khalid Foundation’s (KKF) effort in promoting the concept of Saudi social development within the kingdom of Saudi Arabia, the Saudi Arabia General Investment Authority (SAGIA) and the introduction of the competitiveness Saudi Index for Saudi companies, and more recently the Saudi vision 2030 and the introduction of the concepts of enhancing the social capital<sup>4</sup> of the country. Additionally, there are the Western CSR principles, represented by Saudi companies adhering to basic generic CSR concepts, for example stakeholder theory, accountability, corporate citizenship, sustainability, corporate philanthropy, transparency, and so on. Hence, this research argues that the implications of the application and implementation of those principles within Saudi companies are unique responsive and influenced by the local Saudi cultural and social national development requirements. The distinctive exclusive interpretations of the Saudi companies are governed by other additional Saudi CSR drivers such as CSR harmonization and standardization within all Saudi companies, the nature of the local Saudi cultural context, and the notion of national Saudi culture, including national social and economic development long-term plans and objectives set out by the Kingdom’s national development plans. Hence, Saudi CSR successful programmes require the collaborations of the Saudi governmental bodies such as the Saudi Chambers of Commerce and Ministries responsible for the welfare of the Saudi society, together with Saudi NGOs such as SAGIA, KKF, who are responsible for the initial CSR promotion and the introduction of the competitiveness index RCI<sup>5</sup> and the King Khalid Foundation’s initiative for the social development of Saudi nationals respectively. In addition the Saudi government has recently published an investment plan titled Saudi Vision 2030, which partially aims for the rapid social development of the Saudi population by 2030. However, the major question remains, what is the role of these important factors and initiatives in the formulation of the Saudi

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<sup>4</sup> Saudi Vision 2030 main themes are regenerating alternative source of national income GDP and enhancing the Social capital developments of the Saudi young population via education and training. <http://vision2030.gov.sa/en>

<sup>5</sup> RCI: the Saudi Responsible Competitiveness Index aims to help businesses improve their competitive performance, as well as their social and environmental impacts, by building their capacity and knowledge of responsible competitiveness strategies. <http://kkf.org.sa/en/KKA/Pages/CompetitivePrizeResponsible.aspx>



endogenous CSR model? Details of each factor, together with its implications for the formation of the latter, will be introduced at a later stage in this research.

It has been determined by the researcher that in general terms only a small number of Saudi companies are engaged in the publication of ISO26000 and the global reporting initiative GRI which has been established by the United Nation (UN) and the social reporting initiatives for Multi national cooperation operating globally. In fact, only 13 Saudi firms out of 167 listed Saudi companies are engaged in ISO26000 reporting initiatives. These international CSR reporting initiatives are gaining momentum across the globe, including in Saudi Arabia. The representation of international CSR principles within Saudi Arabia can be considered as an additional factor in the unique conceptualization of the Saudi CSR model, as this research argues. Yet, it is apparent that ISO26000 can be just another representation of the Western CSR principle due the fact that most ISO26000 guidelines and principles are taken from and are based directly on Western CSR generic concepts, as this research establishes. Therefore, the research argues that ISO26000 is not a major factor in the Saudi CSR model formulation and debate, but it can help to build a clearer picture for establishing a comprehensive Saudi CSR model.

The above discussion shows that the main problem concerning the formulation of the Saudi CSR models stretches between the Saudi Government's and the semi-Government institutions' initiatives influenced recently by the Saudi Vision 2030, large Saudi NGOs' involvement in promoting the concept of CSR, Saudi multi-national corporations influenced by Western and International CSR concepts, local interpretation of CSR concepts by private and public Saudi companies influenced by Islamic teaching and governing principles, and the lack of corporate governance for the Saudi companies listed on the stock market. This means that the CSR formulation in Saudi Arabia is ambiguous and unique at the same time to those initial factors, and the role of each factor will be extended and explained fully in this research. Consequently this identifies the reason for conducting this research, to establish the unique formation of the Saudi CSR model and to trace it to the conceptual level using Carroll's CSR models.

The next section introduces the research rationale and justification, focusing on the importance of exploring the Saudi endogenous CSR model and its categorization, using Carroll's CSR models.

## **1.3 Research Rationale and Justification**

### **1.3.1 Justification**

The social responsibility concept came under the researcher's<sup>6</sup> focus as a result of his own previous academic studies on strategic management and financial reporting in Saudi Arabia. Close investigations of Saudi companies' visions and missions in relation to the demands of Saudi local social responsibility, including Saudi national development, have highlighted the importance of undertaking Saudi CSR, and especially the notion of CSR reporting and disclosure. This has developed into the examination of CSR in Saudi Arabia in general terms and the unique CSR characteristics in specific terms.

Recently, CSR has gained immense momentum across many countries, including Saudi Arabia, but it is not easily universally stated, understood, appreciated, and identified by Saudi organizations. Hence, Visser (2010) reports that "...there is no universal model of CSR, nor should there be although we may agree on some underlying principles and best practices, most recently encapsulated by ISO 26000, the concept and practices of CSR must be defined by its national and cultural context, if it is to be relevant and effective." The latter mirrors the study notion that the Saudi CSR model is uniquely conceptualized to accommodate the Saudi national and cultural context, which can be represented by the unique Saudi social developmental obligations set by the Saudi government, together with the accelerated rising obligations on the private sector.

Carroll (1999) points out that "it is possible to trace evidence of the business community's concern for society for centuries, which can vary from country to country". The "business community's concern" suggests that this behaviour can represent the uniqueness and the context of CSR in relation to the country in question.

The latter confirms and supports the notion and the direction of this research, which in essence argues that the Saudi CSR context is uniquely formulated and endogenous in comparison to other countries in the region. In brief, this can be related directly to the

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<sup>6</sup> The researcher is a Saudi Arabian experienced Qualified Accountant. He has been engaged in Saudi companies' affairs for the last 25 years within strategic management, leadership, accounting and financial reporting, human resources, business development, executive consultation advisor, and Saudization.

obligatory close social distinctive interactions and interlinks between Saudi society, Islamic preaching, and Saudi private and public organizations and their leadership.

Although comparison with Western countries shows that limits to capitalist expansion and profit making were first established to protect social and environmental rights, even to make corporations and entrepreneurs liable for the social impact of their decisions, it can be argued that no economic growth limitations were imposed on the social liabilities of Saudi firms. On the contrary, there has been much economic growth and wealth generation for the private sector of Saudi organizations. It can sustain a positive, unique, and endogenous response to raising Saudi society's social demands, which are largely influenced by their ideological incentives. The latter notion can be related partially to what Carroll (1999) refers to as the 'social power' of a company, whereas an organization's capital expansion relates to its consequent CSR expected contributions, regardless of its philanthropic or ethical incentives. Hence "Corporate Social Responsibility (CSR) has recently been the subject of increased academic attention. While social responsibility has figured in commercial life over the centuries, in the modern era increasing pressure has been placed on corporations to play a more explicit role in the welfare of society" (Balabanis et al., 1998: 25)

Therefore, the adopted 'social power' of Saudi companies, aimed at the direct contributions to the 'welfare of Saudi society', in essence can represent another contextual factor in the formulation of Saudi CSR endogenous features.

The Saudi Arabian Government and business communities are engaged collectively in the Saudi national development programmes, which utilize and are primarily based on CSR projects as a major component aimed for the Saudi society and their social obligation demands.

Social obligation<sup>7</sup> can be related to the overall activities concerning directly or indirectly the social development and social sustainability of Saudi society in a general sense. Hence, social obligation is often recognized within the Saudi academic and national debate as social development and social sustainability. It can represent the Saudi CSR endogenous format,

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<sup>7</sup> Social obligation: A term introduced by the researcher, which can be defined as 'meeting up the Saudi social capital and national social development requirements in Saudi Arabia and within the business strategy prospective of the Saudi firms'.

where Saudi companies are encouraged to positively and strategically participate in the national social development by becoming partners with the Saudi governmental bodies through being good corporate citizenship. Thus, enhancing and enabling the development of social capital and at the same time overcoming the Saudi society social development restrictions related to the weak and needy sections of society and at promoting prosperity and a good standard of living for all Saudi nationals and residents of Saudi Arabia, as, for example, set out in the latest Saudi government strategic development plan, Saudi Vision 2030.

Hence, social responsibility for Saudi companies can be related directly to the extent of the national affiliation (obligation) of the companies towards the social development (social sustainability) of the nation, especially their contribution to and performance in relation to sections of society that are concerned with the government's strategic development plan objectives and the needy in Saudi society. Besides, the consequent responsibility for business in terms of sustainability, which is a form of self-regulation for companies, leads to building a model for business based on the objective of achieving sustainability for both their own companies and society, in addition to total compliance with all legislation, regulations, and ethical standards, as well as international norms.

Therefore, it can be seen that there is a great need to establish a conceptualized CSR model for Saudi Arabia, which can be used to analyse the contextual content of its components. It will enable the formulation of the Saudi endogenous CSR model and its analytical parameters and further assist in the Saudi CSR model's successful development and implementation in the future, and especially it will aid the implementation of some of the aims of the Saudi Vision 2030, for example achieving environmental sustainability and enhancing the social capital of Saudi Arabia.

Furthermore, it is very useful to utilize the present research outcomes and recommendations to establish what this research refers to as the 'Saudi national CSR strategy'<sup>8</sup>, which will be explained in full in later sections.

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<sup>8</sup> The Saudi national CSR strategy is introduced and defined by the researcher as "the alignment of the CSR business activities on the one hand with the policies, pulpous policies, and direction of the social and economic development of a nation on the other."

### **1.3.2 Rationale for Establishing the Saudi CSR Conceptualization Model**

In addition to the debate outlined above, previous investigations into the Saudi CSR show that there is confusion concerning the systemic categorization of the Saudi CSR endogenous characteristics. For example, a recent study conducted by Mandurah et al. (2012) supports the research directions and objectives of exploring the Saudi CSR context within specific parameters. It also attempts to display the extent of Saudi firms' awareness of the integration of CSR activities within corporate policies and strategies. The study objectives lack clarity and strategic direction in relation to the notion. It fails to comprehensively relate Saudi CSR activities to generic Western CSR theories, other international standards, philosophies, and the local Saudi CSR endogenous debate. Mandurah et al.'s (2012) CSR comparison framework is utilized to explore (a) the level of awareness and attitudes among Saudi Arabian managers towards CSR, (b) the extent of integrating CSR policies into the overall corporate policy, and (c) the type of CSR activities that are currently implemented in Saudi Arabia together with the organization types. Mandurah et al.'s (2012) study was aimed specifically at the types of activities in place and the means of enhancing them.

Mandurah et al.'s (2012) finding indicates that the Saudi CSR falls within the following categories: (a) the environment, (b) local community, (c) customers, and (d) employees. However, in comparison to the current study, it failed to provide specific and unique endogenous Saudi characteristics for CSR. Furthermore, the present research clearly states that analysing the Saudi CSR context could not be achieved without firstly undertaking in-depth analysis of the Saudi conceptual and philosophical framework. Mandurah et al.'s study (2012) ignores other studies on the perception of CSR in Saudi companies, and it has conflicting conclusions. It observes that CSR is in its infancy in Saudi firms and that the CSR concepts are in the early stage of development, which is in line with the present study's notion, i.e. that CSR is still evolving in Saudi Arabia, and it is merely a reflection of the slow growth of the country's business community at an early stage of private sector development. Finally, the study does not indicate priorities, neither does it point out the importance of each identified category in relation to Saudi CSR early activities. However, one has to take into consideration the time when the study was carried out; it was conducted at the initial and early stage of CSR initiatives in Saudi Arabia. It can be argued that Saudi CSR misconception is possibly due to the view that strategic CSR is more based on the interpretation of individual Saudi managers, Islamic ideology, and personal education. This is supported by Emtairah study conducted during 2009.

According to Mandurah et al., (2012), "most managers are aware of the CSR concept and they exhibit a positive attitude towards it", and CSR concepts are in line with managers' Islamic values, teachings, and practices. The current research validates the research argument that "CSR is in its infancy among the Saudi firms" (Mandurah et al., 2012).

Up to 2013, the research still confirmed that "the CSR concepts are in the early stage of development"<sup>9</sup> and that "there seems to be a narrow and shallow understanding of the strategic role of CSR in achieving overall long-term corporate objectives"<sup>10</sup> which, in essence, advocates for the nature of the misconception and the need to conduct more specific research on CSR in Saudi Arabia (Mandurah et al., 2012)

Therefore, the researcher argues that there is a definite relationship between Saudi CSR and the nature of the unique conceptualized contextualised CSR principles in Saudi Arabia. The term 'unique conceptualized' refers to the unique local Saudi interpretation, and the implementation of Western and international CSR common concepts, within the boundaries of the 'contextualised' Saudi CSR endogenous model. Consequently, the study aims to shed light on the 'unique conceptualized' and to identify those specific characteristics, which constitute the building up of the CSR model within Saudi Arabia in general terms. The context analysis for the constitution and categorization of the Saudi CSR model is investigated using Carroll's 1979, 1991, and 2004 CSR models, which have been found to be the most appropriate CSR generic models for this purpose and in specific terms. However, further adaptations for the categorization of Carroll's CSR models' contextual analysis suitability are required to achieve the above. The next section introduces this debate and focuses on the relevancy of Carroll's CSR model for the categorization and contextual analysis of the Saudi CSR's unique conceptualized model.

#### **1.4 Rationale for the Categorization Analysis of the Saudi CSR Using Carroll's CSR Models**

The previous section explored the justification for establishing the conceptualization of the Saudi CSR model. This section will explore the importance of, and the reasoning that lies

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<sup>9</sup> Source: *The Journal of Applied Business Research* September/October (2012); retrieved from <http://www.cluteinstitute.com/ojs/index.php/JABR/article/download/7244/7314>

<sup>10</sup>Source: Ibid.

behind, the need for the Saudi CSR model categorization using Carroll's 1979, 1991, and 2004 CSR models' CSR conceptual analysis, which in essence can be explained as how major or sub components of the Saudi CSR model can be related and grouped into Carroll's CSR major categorizations. The latter is thought to be very important for understanding and appreciating the conceptual analysis of the CSR model in general terms, in any country, and hence in Saudi Arabia in specific terms, as this research argues.

#### **1.4.1 Carroll's CSR in 1979**

Examination of the literature on CSR indicates that the most important CSR model development was introduced by Carroll in 1979. Carroll (1979: 500) defines CSR as follows: "the social responsibility of the business encompasses the economic, legal, ethical, and discretionary expectations that society has of organizations at a given point in time".

Furthermore, Carroll's taxonomy of four domains – economic, legal, ethical, and discretionary or philanthropic responsibility – represented a more nuanced approach. According to this set, a firm has an economic obligation to function efficiently and profitably while maximizing the stakeholders' value. Additionally to Carroll (1991), it is important for the business to operate in a manner consistent with maximizing earnings per share, to be committed to being as profitable as possible, and to maintain a strong competitive position and a high level of operating efficiency. He defines a successful firm as one that is consistently profitable. It should manage this while conforming to the regulations and bypassing damaging civil litigation, as well as acting in accordance with the societal, business, and industry ethical norms anticipated or prescribed codes of conduct.

Hence, the study argues that although Saudi firms are operating within highly Islamic charitable business environments they are still adhering partially to the main principles set out in Carroll's 1979 CSR model, as will be seen later in this research.

Carroll (1991) stresses that it is important for the business to perform in a manner consistent with the expectations of the government and law and to be a law-abiding corporation, defining a successful firm as one that fulfils its legal obligations. In the case of Saudi Arabia, this extends beyond normal government expectations to include the requirement that Saudi companies create partnerships with Saudi governmental bodies for the effective social

development of the Saudi population. Such requirements are often set out in official announcements contained in the Saudi National Development Plans, which have been issued every five years since the foundation of the Kingdom of Saudi Arabia (KSA) in the 1950s. This requirement was recently reissued in the Saudi Vision 2030, which seeks the enhancement of the social development of Saudi society.

Carroll (1991) explains that a company must perform in a manner consistent with the expectations of societal and ethical norms in recognizing and respecting new or evolving ethical/moral norms adopted by society, preventing ethical standards from being compromised in order to achieve corporate goals, and defining good corporate citizenship as doing what is expected morally or ethically. Undoubtedly, this argument is supported by the common notion that, within Saudi Arabia, Islamic guidelines and practices govern all aspects of people's lives, including Saudi companies' top management who are responsible for strategic decision-making, where, it can be argued, their inner self Islamic parameters scrutinize all decisions made for the prosperity of their companies.

Generally, Carroll (1991) suggests that the company that performs in a manner consistent with the philanthropic and charitable expectations of society encourages employees and managers to participate in voluntary and charitable activities within their local community and to provide assistance to projects that enhance a community's quality of life.

Hence, Saudi managers are not only accountable to Allah Almighty (God), but they are also accountable to their inner self Islamic evaluative system, Islamic society's regulations, and the standard legal obligation boundaries that anchor Saudi managers to the unique position of interpreting and interacting with the implementation of Western and international CSR principles in their companies.

Aupperle (1984) (quoted in Smith et al., 2001) developed an instrument referred to as the forced-choice instrument, which is used to gauge a respondent's view on the relative importance of the economic, legal, ethical, and philanthropic activities of a firm by ranking them in order. Although Aupperle (1984) used this instrument to study the views of the executives in a firm, the concept is flexible and can be applied to other respondent groups (Smith et al., 2001).



One of the most interesting findings from the previous studies is that different respondents coming from different countries have diverse views on the priorities of the dimensions given by Carroll's definition of CSR. This in essence justified the current study, and the reason for exploring the suitability of Carroll's CSR models to categorize the Saudi CSR model, as this research will establish in a later section.

A cross-cultural study conducted by Ibrahim and Parsa (2005) on managers from America and Saudi Arabia revealed that the American managers have a stronger orientation towards legal and ethical responsibilities, while the Saudi managers considered economic and philanthropic responsibilities more important than the other dimensions, as this research confirms.

The next most important dimension is the legal one, which is ranked second after the economic dimension followed by the ethical and philanthropic dimensions. In essence this shows the weakness of Carroll's models when applied to a deeply Islamic country and the need to carry out some adaptations to this model in order for it to be effective and suitable for the contextual and categorization analysis of the Saudi CSR model, as the researcher argues.

Over the twenty-five years since Carroll first proposed his model, it has been frequently reproduced by top management and in CSR journals, mostly by Carroll himself (Carroll, 1979, 1983, 1991, 1994, 1998, 2000, 2004). Carroll has sought to assimilate the various competing themes of his model, e.g. corporate citizenship (Carroll, 1998) and stakeholders (Carroll, 2004).

Therefore, in general terms, exploring and analysing the existing CSR Saudi model require the utilization of Carroll's classification CSR models, which can lead to a deeper categorization analysis and to establishing the nature of Saudi CSR endogenous characteristics in more specific terms.

However, from a Saudi perspective, more analysis of Carroll's model is needed in order to examine the suitability of the model, which can be used to analyse the Saudi CSR model by establishing the main categorizations of the Saudi unique CSR interpretations in response to Carroll's 1979, 1991, and 2004 CSR models. The next section explores this debate in terms of relevancy to the contextual analysis of the Saudi CSR established model.

#### 1.4.2 Carroll's (1991) Pyramid of Corporate Social Responsibility

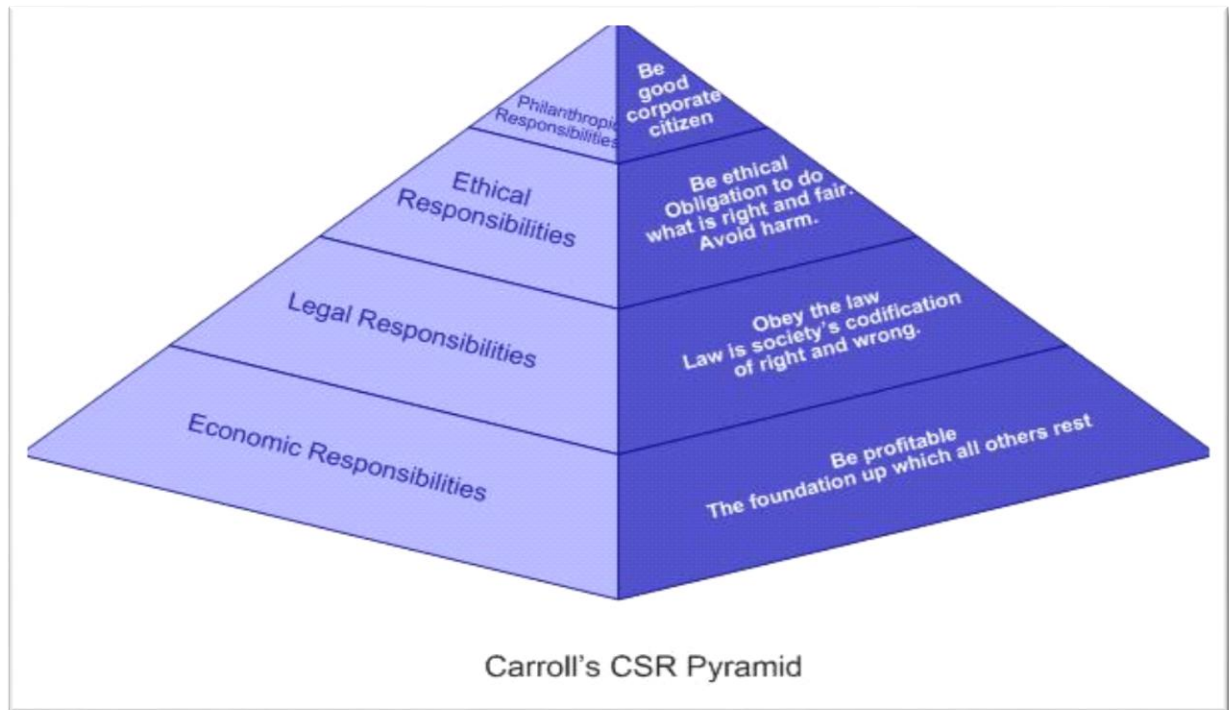


Figure 2: Carroll's 1991 CSR Pyramid Model Highlighting Philanthropic Responsibility

Figure 2 shows that Carroll (1991) adjusted his model to accommodate a separate philanthropic category representing philanthropic responsibility, which in essence coincides with the notion of being a good corporate citizen. This is found to be crucial and relevant for the unique conceptualizations of Saudi CSR and corporate citizenship and Islamic philanthropy concepts, as this research will establish.

Equally, creating a separate entity for the ethical responsibilities within this early model brought the model closer to the state of affairs in Saudi Arabia, especially in relation to the ethical responsibilities of Saudi managers which can be extended way beyond just being able to meet the "obligation to do what is right and fair and avoid harm" Carroll (1991), as this research will establish.

#### 1.4.3 Saudi CSR – Applicability of Carroll's Model

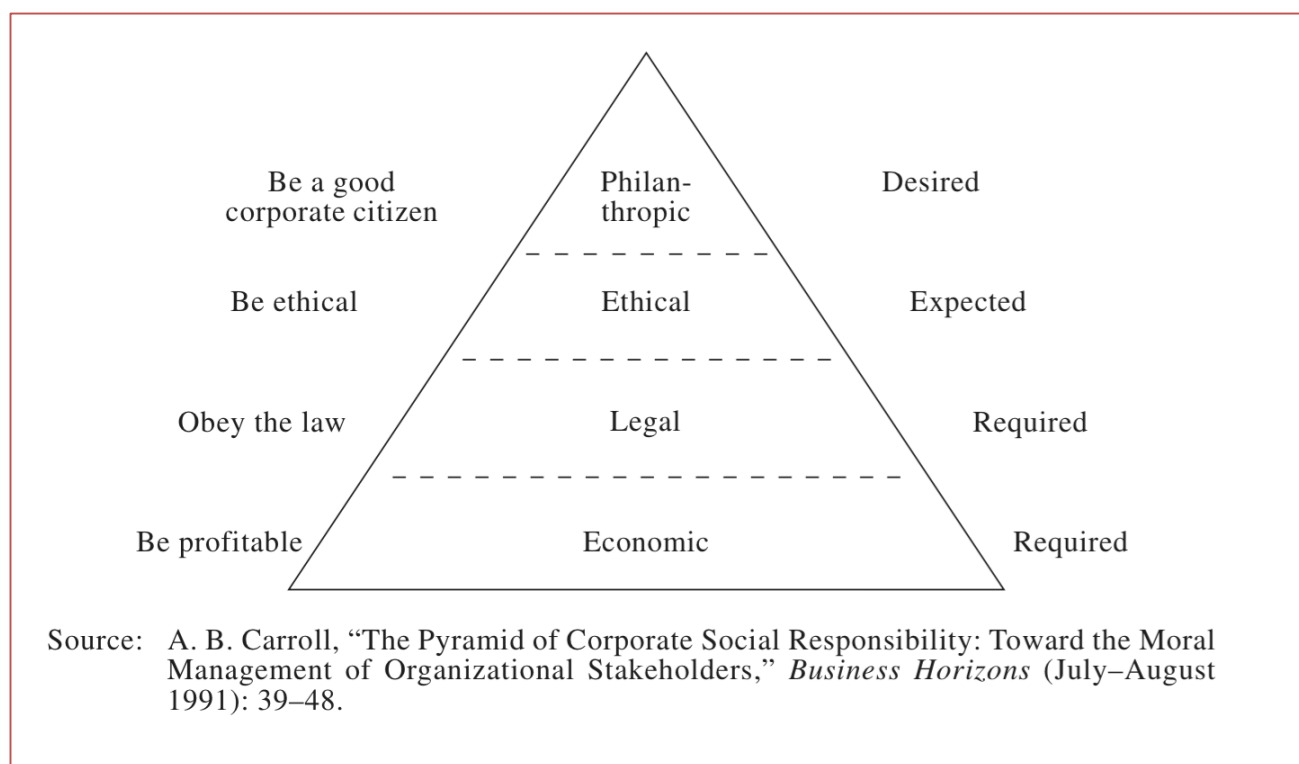


Figure 3: Carroll's 1991 CSR Pyramid Model – Moral Managements. (Carroll, 2004)

Figure 3 shows that philanthropic responsibility is desired and ethical responsibility is expected by the audience and stakeholders of Carroll's 1991 CSR model.

However in the case of Saudi Arabia, the philanthropic responsibilities of Saudi companies are expected and perhaps at certain time imposed by the social section of Saudi society and Saudi Governmental semi official bodies. This is equally true for the ethical responsibility of the companies, where it can be argued that Saudi companies are deeply rooted in Islamic teaching and the Islamic finance regulations and regulatory guidelines are completely embraced by CSR donors, receivers and stakeholders in Saudi Arabia. Both companies and Islamic societies desire Islamic philanthropy. For example, Zakat is a combination of legal, ethical, and philanthropic responsibilities given to Saudi Muslim societies, and it has been found that many Saudi companies consider Zakat to be a crucial part of the CSR contribution to their society.

Carroll's philanthropic activity in the ethical domain is not broadly recognized (1991: 41). He defines the ethical domain of CSR as any activities or practices that are expected or prohibited by society members although not codified into law. Carroll (1991: 40–42) defines the economic domain of CSR as an ethical domain of CSR, as "any activity or practice

expected or prohibited by the society; it maintains a strong competitive position and high level of operating efficiency.” It may be that this definition fails to capture certain economic activities that are often combined within today's Saudi CSR action and promotion, for example Saudization has within the view of the suggested Saudi CSR model legal, philanthropic, ethical, and economic objectives at the same time. The research argues that within Saudi Arabia CSR components are sometimes an amalgamation of all the factors of Carroll's CSR model and they overlap to provide combined objectives. Furthermore, within Saudi CSR prospective it is difficult to be able to separate, identified and differentiate one category to one objective, hence Carroll's Three-Domain model partially addresses those issues as figure 4 shows. However, it does not provide a comprehensive, efficient explanation nor full fit for the Saudi CSR model categorization analysis, as can be seen at a later stage in this research.

#### 1.4.4 Three Domains 2004

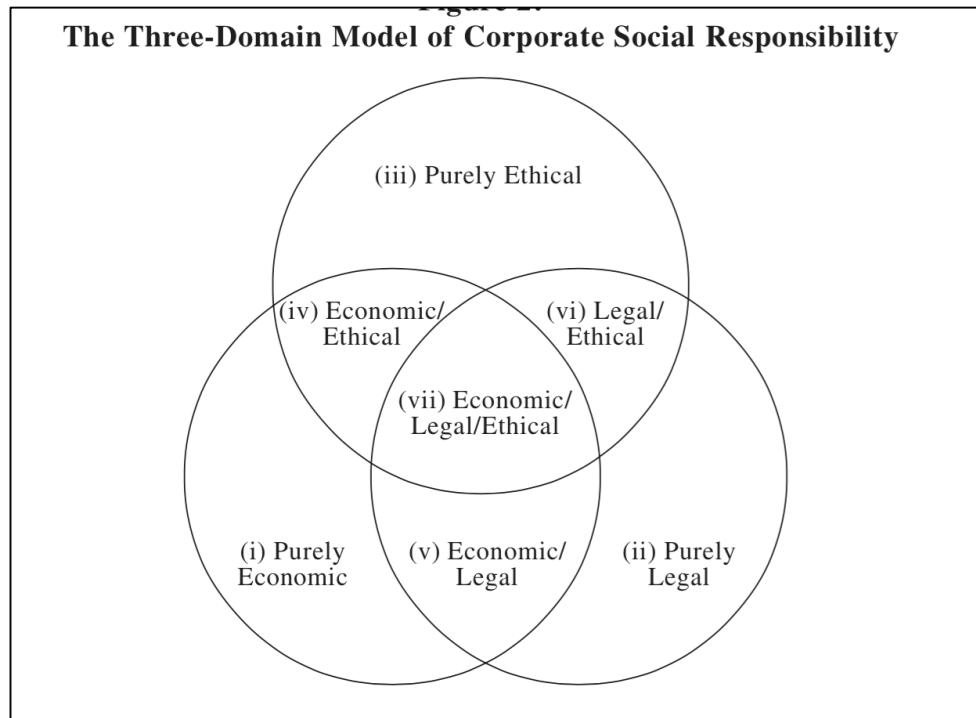


Figure 4: Carroll's Three Domain CSR 2004 model.

Figure 4 shows the ethical domain perspective within a CSR model, which can be defined by Carroll 2004 as follows: "the ethical domain of CSR includes those activities that are based on their adherence to a set of ethical or moral standards or principles". The above model provides the principle of looking at each Saudi CSR category in a three-dimensional view instead of one flat view. This is an important part of the findings of this research and it is explained in full in a later section of this thesis. Thus, this research argues that one Saudi CSR characteristic does not represent just one of Carroll's CSR model categories, but can represent a combination of categories of the model, as is suggested by Carroll's 2004 Three-Domain CSR model. This research adapts Carroll's combined CSR contextual analysis model, which will be used for the contextual analysis of the Saudi CSR model, and its formulation is considered as a major contribution of this research. The applicability of the Three-Domain model is briefly introduced and explained in the next section.

#### 1.4.5 Saudi CSR Applicability of the Three-Domain Model

The Saudi endogenous CSR is closely related to the Three-Domain model activities that are based on their adherence to "a set of ethical or moral standards or principles" (1991: 40), although they are not codified into law. Carroll's (1991: 40) Three-Domain model

contributions are provided to accommodate the overlapping main elements. The research argues that the CSR Saudi social and philanthropic contribution is extended beyond the Three-Domain model's capabilities. In the context of Saudi Arabia, it is not difficult to differentiate between philanthropy and ethical responsibility which is not based on Kantiansian concepts and perfect duty, but rather is based on the deep Islamic ethics and the deeply Islamic philanthropy philanthropic conceptual framework.

Furthermore, this research argues that within the Saudi perspective it can be seen that Carroll's new categorization could be a step back rather than forward. This is due to the complexity of Islamic ethics and the deeply Islamic philanthropic conceptualization. Therefore, the introduction of the combined contextual analytical Saudi CSR model is crucial for addressing this weakness of Carroll's model. In essence, this newly introduced model is based on amalgamating Carroll's 1979, 1991, and 2004 CSR Three-Domain models into a combined analytical model. It will be represented in a later section and can be utilized in the investigations into the Saudi endogenous CSR characteristics that this research aims to establish.

### **1.5 The Research Aims and Objectives**

It can be noted in general terms that CSR relates to variations in the social and economic development of the region or the economy in which corporations operate. In light of this, it can also be argued that each country may have its own unique CSR characteristics, which, in turn, correspond to the unique social responsibility requirements. Perhaps the latter notion can be expressed in terms of the distinctive CSR characteristics that can be unique for each country. In the case of Saudi Arabia, They can be referred to as the endogenous CSR characteristics', and the present research aims to establish and explore them in specific detail. The context analysis and interpretations are carried out extensively in the current global and socially evolving Saudi corporate climates.

This can be achieved through the formulation of a conceptual model for the distinctive characteristics of the CSR concepts, practices, and initiatives found in Saudi Arabia. Additionally, this can promote understanding and appreciation of those distinctive endogenous characteristics, in conjunction with analysing the related origins and the prospective CSR philosophies using Carroll's CSR model. Likewise, considering the consequences of the Saudi CSR endogenous parameters and alignments, and gearing the CSR corporate strategy specifically to accommodate those endogenous requirements, is part of the present research.

Additionally, this research aims to conceptualize the endogenous distinctive Saudi CSR characteristics model in relation to the misinterpretation and unique conceptualization by Saudi managers in general terms. It also aims to provide analysis for the constitutions and components of the present Saudi CSR model using Carroll's 1979, 1991, and 2004 CSR adopted model, highlighting why the Saudi CSR endogenous characteristics are exclusive and require this adopted model. Further, the research seeks to achieve the following goals and objectives: to fill the knowledge gap relating to the debate about CSR in Saudi Arabia, to arrive at a plausible universal definition of the Saudi endogenous CSR, to define CSR universally in relation to Islamic philanthropy and social development in a new-born country, and to shed light on the contextual realities that shape the perceptions and practices of CSR in KSA.

Consequently, the study aims to shed the light on the 'unique conceptualized' and to identify those specific characteristics that contribute to building up the CSR model within Saudi

Arabia in general terms. The context analysis for the constitutions and the categorizations of the Saudi CSR model are investigated using Carroll's 1979, 1991, and 2004 CSR models, as they have been found to be the most appropriate CSR generic models for this purpose. However, further adaptations to the categorizations of Carroll's CSR models' contextual analysis suitability are needed to achieve the above.

This research has been supported by the King Khalid Foundation, SAGIA, and the Saudi Chambers of Industry and Commerce in Riyadh and Jeddah support the present research. The King Khalid Foundation has supplied the researcher with a database and supporting documents for all Saudi companies engaged with Saudi CSR.

This thesis provides a platform (an endogenous model) for localized perspectives on CSR in developing countries, even though the research is limited to Saudi Arabia.

The thesis presents insights from Saudi Arabia on various business sections through distinctively and locally led CSR efforts. Together, these perspectives capture the distinctive endogenous characteristics of CSR in Saudi Arabia and highlight the common features in the Saudi national regulatory institutions that could shape the Saudi local CSR initiatives and their social developmental impact. The research secondary objective is to construct a conceptual framework for the Saudi endogenous CSR characteristics and to formulate a model that encourages and embraces comprehensive partnership – a Saudi national CSR strategy that unites, corroborates, and unifies all efforts for the country's social and economic development. This will be introduced in the recommendation section of this research.

## **1.6 The Research Question**

The overall aim of this study is to identify the endogenous or distinctive CSR that characterize Saudi Arabia. Alongside this, the following sub-research questions were also explored:

- Q: What are the unique features and/or components of the endogenous Saudi CSR characteristics that can be related to the possible unique conceptualization of KSA at a cross-national level?
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- Q: How can the endogenous CSR characteristics be explained with the help of models already established by Carroll (1979) and his CSR Pyramid model (1991)?
- *Hence this question concerns the traditional approach to the classification and conceptualization of current and future CSR research studies was conducted on the Saudi Arabia analytical tools to organize the research findings into a meaningful perspective and to extend the body of knowledge on the CSR debate in Saudi Arabia.*
- 
- Q: How can the endogenous CSR characteristics be accounted for using the CSR Three-Domain model put forward by Carroll (2004)?
- *Hence this question concerns the traditional approach to the classification and conceptualization of current and future CSR research studies was conducted on the Saudi Arabia analytical tools to organize the research findings into meaningful perspectives and to extend the body of knowledge on the CSR debate in Saudi Arabia, exploring the limitations and the suitability of Carroll's new Three-Domain model specifically regarding its application in Saudi Arabia.*

## 1.7 Overall Graphical Research Presentation

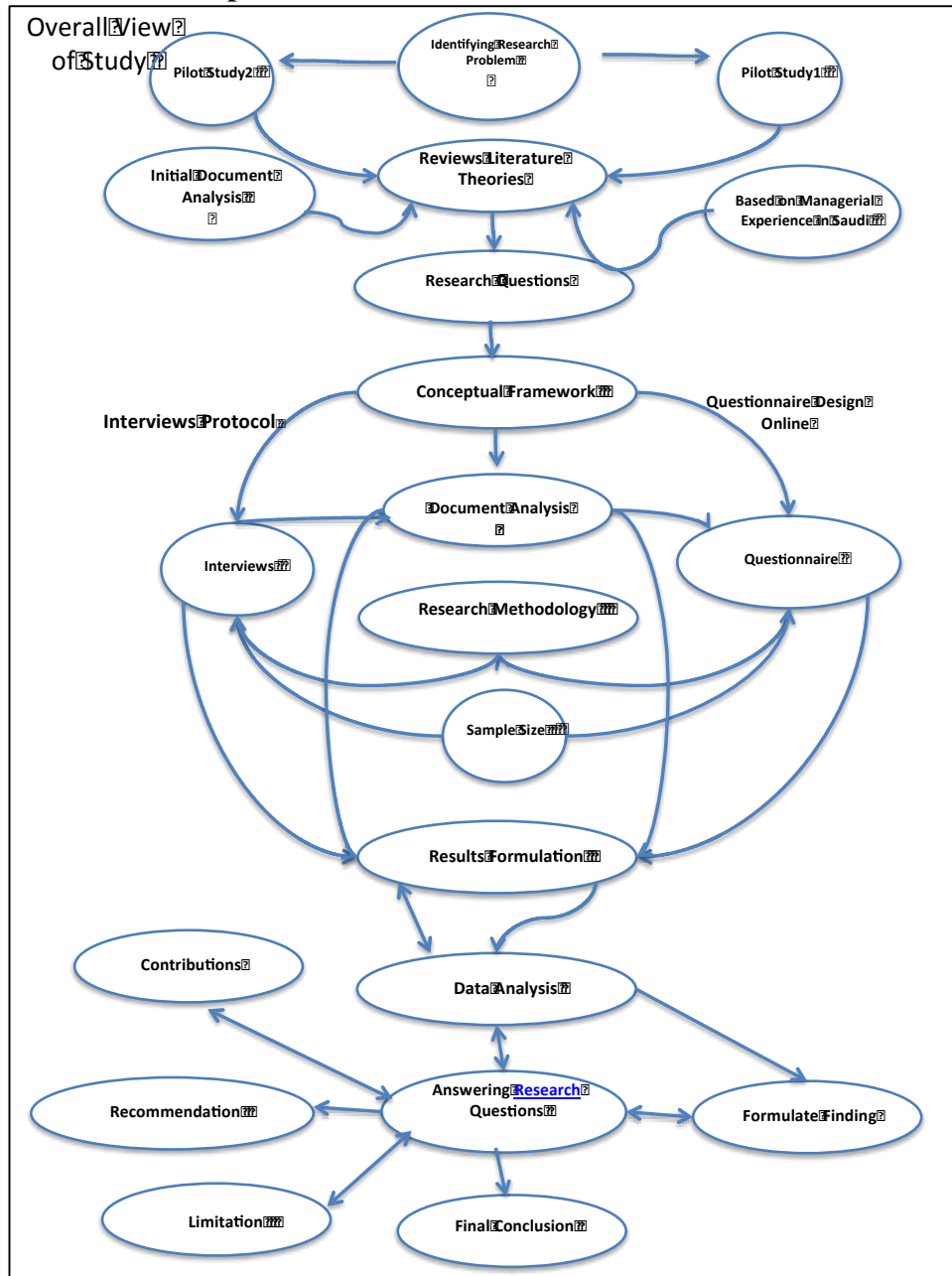


Figure 5: Overall Graphical Research Presentation

The above diagram represents the identification of the research problem and that leads to reviewing two pilot studies, which aim to help in formulating the research questions. This is combined with the utilization of initial document analysis, together with the researcher's past leadership and managerial experience in the Saudi business environment.

Reviewing the literature on CSR generic concepts and recent CSR conceptual international regulatory developments via narrative analytical analysis leads to the formulation of the

study's conceptual framework. Empirical testing using an inductive, indirect research approach is carried out after identifying the appropriate size sample. Data collection methods include a questionnaire, document analysis, and interviews. Data analysis and data collection triangulations confirm the conceptualized research question, the study findings, discussions, limitations, conclusion, and recommendations.

## **1.8 Content of Thesis**

This thesis consists of six chapters.

**Chapter 1:** It provides a full account in the introduction which focuses on the research problem, research justification, limitation of the previous studies, the rationale for the Saudi CSR conceptualization model in relation to Carroll's CSR models, the research aims and objectives, the research questions, an overall graphical research presentation, description of the content of thesis, and the conclusion.

**Chapter 2:** It introduces the country of the study in relation to the CSR main drivers in Saudi Arabia, including CMA, SAGIA, and KKF. It provides brief descriptions of the relevant Saudi CSR principles, including the notions of Islamic philanthropy and the Saudi national CSR strategy.

**Chapter 3:** It consists of three main parts and aims to provide a comprehensive literature review and theoretical background to the principal responsibilities for the formulation and conceptual analysis of the CSR model in Saudi Arabia. This conceptual model is used for the empirical investigation in the research.

**Ch-3 Part I:** It deals with the introduction of Western CSR generic concepts and principles relating to the possible conceptualized Saudi CSR model, explores CSR historical development since the 1950s and up the current time, and finally offers a brief introduction to the ISO 26000 and GRI adopted Western concepts implications in relation to the Saudi CSR endogenous characteristics.

**Ch-3 Part II:** It introduces the Saudi CSR and its context, focusing on the conceptualization of the Saudi CSR model and the Saudi endogenous CSR characteristics introduced by the research, including details of the notions and themes responsible for the formulation of the CSR Saudi model (Saudi endogenous CSR characteristics).

**Ch-3 Part III:** It explores Carroll's models and Saudi CSR interpretations in relation to Carroll's 1979, 1991, and 2004 CSR models, and their suitability and applicability, and Carroll's combined CSR model used for the study discussion and analysis of the findings.

**Chapter 4:** It introduces the research methodology, research adopted philosophies, the research approach, the selected data collection methods and validity, and the data analysis.

**Chapter 5:** It presents the research findings, including the results and data analysis. It identifies the endogenous Saudi CSR characteristics and initial discussion.

**Chapter 6:** It presents the conclusion and the recommendations of the research, including the limitations of the study and the proposed national Saudi CSR strategy model.

## **1.9 Conclusion**

This chapter provides a full account of the overall research problem, research rationales, limitations of the previous studies and a brief background to the research. It presents the rationale for the Saudi CSR model analysis and categorization using Carroll's CSR models, in addition to the introduction of the suitability of Carroll's models for the categorization of the Saudi CSR model. It also presents a summary of the main points, the research questions, and a graphical representation of the research.

The next chapter introduces the country of the study, and highlights the importance of the notion of CSR within the Saudi Arabian perspective. It focuses on why CSR is needed in Saudi Arabia, thus introducing what are considered to be the main themes relevant to the generic CSR principles applied in Saudi Arabia. It includes the introduction of the main Saudi CSR initiatives responsible for establishing and promoting the Saudi CSR model within both private and public sectors in Saudi Arabia.

## **CHAPTER 2: THE COUNTRY OF THE STUDY**

### **2.1 Introduction**

Understanding the magnitude of the research problem requires accurate political, economic, and social parameters for Saudi Arabia, the country of the study. Especial attention is given to the social and cultural aspects of Saudi Arabia.

According to SAGIA's official website, Saudi Arabia is one of the world's Top 25 most competitive economies in the world. Saudi Arabia is ranked third in the world for fiscal freedom and it's the third most rewarding tax system in the world. It is considered one of the world's 20 largest economies (19th) and the largest economy in the Middle East-North Africa (MENA) region. Also it is considered one of the world's fastest growing countries: economic growth was 3.6% in 2014, representing 38% of total Arab GDP, and it has 18% of the world's oil reserves. Hence, the vast economic development must be combined with accelerated social developments, which concern with the whole of the Saudi population. Equally the size of GDP in comparison to the rest of the Arab world puts Saudi Arabia in a position of having very important social responsibility obligations, where it can be argued that Saudi social responsibility is not only to the local Saudi market but extends across the adjacent Arabic countries and beyond to the rest of the Muslim world.

Saudi Arabia is situated in the Jazeera Al-Arab (Arab Peninsula) and is 2,149,690 sq km, around 20% of the size of the United States of America and nearly the same size as Western Europe. In the early seventh century, in the Hejaz region in the western part of Saudi Arabia, Prophet Mohammad introduced the Islamic faith in Mecca. Soon after, the Prophet established the first Islamic state in another Hejazi city, Medina. Muslims around the world are obligated to pray (Salah) toward Mecca (Qibla) five times a day and to visit Mecca twice in their lifetime: once for the Hajj (pilgrimage) and the other for the Umrrah Makkah (a mandatory visit to Mecca).

Such a position has privileged Saudi Arabia with a special importance in the Islamic world and with a significant value in the hearts of Muslims around the globe. The majority of the country's land has a rough and rugged typography. Infertile desert forms nearly all of Saudi Arabia's vast territory, where neither rivers nor lakes exist. The annual rainfall average in

most Saudi lands is less than 50.8 cm, making non-irrigated agriculture a challenging activity in most parts of the country.

A total of 27,136,977 people inhabit Saudi Arabia, the sixth most populous Arab state. Only 18 million are Saudi citizens: the rest of the population is mostly expatriate labourers and their dependents. All Saudi citizens are Muslims; 90% of them are of Arab origin. Sunni Muslims form the majority of the Saudi citizens, with the remainder chiefly Shiite Muslims. Saudi Arabia is a young country, with only 3% of the country's population above the age of 65.

No	Country	Population (Million)
1	Egypt	82,536
2	Algeria	35,980
3	Sudan	34,318
4	Iraq	32,961
5	Morocco	32,272
6	Saudi Arabia	28,082
7	Yemen	24,799
8	Syria	20,820

Table 1: Population of the eight most populous Arab States 2011.

Source: World Bank Development Indicators.

Also, Saudi Arabia has membership of many international organizations and agencies, most importantly the International Monetary Fund (IMF), World Bank, World Trade Organization (WTO), and most recently the G-20 group. Additionally, Saudi Arabia is a member and plays a very influential role in other international and regional organizations and institutions, such as the Organization of Islamic Cooperation (OIC), the League of Arab States (LAS), and the Gulf Cooperation Council (GCC) for the Arab States). The influence that comes from being part of international regulations and various international communities can be seen clearly within the large Saudi multi-national corporations who are engaged in the ISO26000 international initiative established by the UN, as is referred to later in this thesis. Hence it can be argued that the Saudi business community is highly influenced not only by Western managerial principles but also by international managerial principles, which are embedded within the international regulatory bodies' recommendations.

In the 1960s, Saudi Arabia and other oil-producing countries founded the Organization of Petroleum Exporting Countries (OPEC), an intergovernmental organization whose chief responsibility is to coordinate the oil production policies of its member oil-producing countries and to represent their interests to oil consumers. Saudi Arabia is a registered country with OPEC, and the Saudi Arabia oil industry is undertaking major strategic restructuring plans to ensure that their operation can provide alternative sources of financial income from the regeneration of oil refinery projects.

Therefore, many of the Saudi oil-related companies are engaged heavily in setting up their operations outside the boundaries of Saudi Arabia. This creates large influencing factors that lead Saudi companies to learn and adopt corporate social responsibility (CSR) principles across the countries where they operate. Consequently it can be argued that international CSR principles can influence the formulation of the Saudi CSR model in question.

Additionally, the possible related social responsibility issues raised above are that the monarchy and the government of Saudi Arabia are endeavouring to meet the expected high demands for basic social care for the growing Saudi young generation, and the main concern is to speed up the growth of Saudi social capital, which basically is made up of the young Saudi population. The latter concern is reflected in the major national strategic development plan titled Saudi Vision 2030, issued in 2016, which in essence aims for the regeneration of alternative sources of income from crude oil, thus enhancing the Saudi GDP and enhancing the social development sustainability of the Saudi population.

This suggests a need for the introduction of training and employment programmes to provide them with the technical skills necessary to meet the country's national development requirements. Also, it suggests that the Saudi government will need to care for all sections of Saudi society, including those who are in need and living near or on the poverty line.

The government will also need to care for the large number of Saudi nationals, and their related social development and social sustainability objectives, and maintain Saudi Arabia Islamic culture and national traditions of Saudi society, which are important to the Saudi people.

As the centre of the Islamic world Saudi Arabia has huge social Islamic expectations not only toward the local Muslims in adjacent Arab countries but also for all other Muslims across the globe. Saudi Arabia is presenting itself as an active member of the globalization movement and advocates a reduction in the world trade deficit.

It encourages Saudi organizations to join all the international, political, economic, and industrial UN sustainability organizations and international regulatory standardizations. Finally, Saudi Arabia is dominated by the teaching and practices of the Islamic religion in all aspects of life. As 100% of the Saudi population is Muslim, this can have a major influence on the nature of CSR purpose and incorporation within Saudi Arabia.

### **2.1.1 The Saudi Market Authority (CMA)**

The Saudi Market Authority (CMA) is the body responsible for regulating Saudi stock market companies and issuing the Saudi corporate governance regulations. The organization's social contributions are outlined as part of the Directors' responsibilities recommended section for those listed Saudi companies. Hence, the responsibilities of Boards of Directors for Saudi stock market listed companies are introduced in Article 10 sec. 5, under the title of "Board of Directors", where Article 10 is titled "Main Functions of the Board of Directors" and highlights "The Company's social contributions" as "Deciding policies and procedures to ensure the company's compliance with the laws and regulations and the company's obligation to disclose material information to shareholders, creditors and other stakeholders". It can be argued that this article is very brief compared to the other sections, seems ambiguous and gives no clear instructions for implementation. Moreover, there is no schedule that is attached to the Article, and that leaves it open to creativity, abuse, and misinterpretation by Saudi companies and local accountancy firms, besides the CSR professional services. It can be argued that during this research amendments could be suggested, reflecting on and adapting the new Western and international CSR developments. Thus, guidelines adapted to the Saudi endogenous CSR scopes could be introduced within Article 10 sec. 5, which could include social responsibility toward for example, Saudization, social obligation, and Islamic philanthropy and its relation to the Zakat role in economics and national developments.

### **2.1.2 Saudi Arabia General Investment Authority (SAGIA)**



### **The Saudi Arabian Responsible Competitiveness Index (SARCI)**

According to SAGIA “companies with a responsible competitiveness strategy are able to deliver benefits for their business while also delivering positive impacts for their communities, employees, customers, and other stakeholders. In Saudi Arabia, Responsible Competitiveness is key to increasing the Kingdom’s competitiveness at the global level, while also helping the Kingdom to achieve its economic, social and environmental development goals.”

“Led by the King Khalid Foundation (KKF) and project partner Accountability, the Saudi Responsible Competitiveness Index aims to help businesses improve their competitive performance, as well as their social and environmental impacts, by building their capacity and knowledge of responsible competitiveness strategies. The Index was first introduced in Saudi Arabia in 2008, under the management of the Saudi Arabian General Investment Authority (SAGIA) and with the support of the KKF. Now in its 6th year, the Index is being fully managed by the KKF.”

Therefore, one of the main strategic objectives of SAGIA is to make Saudi Arabia one of the most competitive countries in the world, which can be established and achieved by making Saudi companies more efficient and competitive internationally. Hence this leads to linking up the implementation of CSR by Saudi companies in Saudi Arabia and the Economic International Competitiveness Index, or what is referred to as RCI, together with the performance of Saudi companies in meeting their country’s social and economical obligations and objectives. This is in essence one of the main focal points and vision of SAGIA strategic function and responsibilities.

Furthermore, the introduction of CSR concept to Saudi companies as a mean of Total Quality Management Tool (TQM) to achieve high competitiveness has resulted in confusion and misinterpretation by the Saudi companies and their private advisory bodies. Consequently this can be seen as a conflicting ideas and a primary collision between making the whole country more competitive internationally and incurring extra running costs for them.

Hence, making the country a most competitive economy requires enhance development of the Saudi human capital, which refers to as the social capital within ‘Saudi vision 2030. This will implies in principle, the Saudization and enhancing technical skills for the Saudi young

workforce, educating Saudi youth and professional training, and women employment, which are becoming major hurdles in the Saudi Arabian social and economic development plan.

It can be a conflict of interest for SAGIA, whereby they are targeting high-level national competitiveness in the international arena and at the same time increasing Saudi companies operation costs. Hence, the increasing costs of developing human capital are only partially met by Saudi Governments bodies and imposed indirectly on the private sector, which makes private companies less efficient and consequently less competitive.

Reconsideration, reinvestigation, and extensive empirical research on local CSR generic and endogenous parameters are recommended. Academic research dependency on accountability and the Harvard University untested research studies were not sufficient neither were they appropriate for the Saudi culture and endogenous CSR characteristics. This research suggests that alterations to the SARCI rules of participation, e.g. networking and exchanging CSR experiences between participants, need to be considered. Details of CSR participant content on the website need to be communicated to Saudi companies.

Clearly, CSR in the Kingdom of Saudi Arabia (KSA) is at the early stages of its development. Mandurah et al. (2012) found that “CSR is in its infancy among Saudi firms”. The previous King of Saudi Arabia, delivered the first public induction of CSR. King Abdullah Bin Abdul-Aziz, the Custodian of the Two Holy Mosques, encouraged Saudi business communities to embrace the concept during the opening of the first international CSR conference held in Riyadh in 2007. It was organized by SAGIA as a means to enhance the country’s national competitiveness on the global stage. The summit was coupled with the introduction of the Competitiveness Index for Saudi companies that aimed to utilize UN CSR principles to gain a better position in the global competitive index (GCI). The main objective for introducing GCI is to make the country more competitive and consequently more attractive to foreign investments, leading to the improvement of the Saudi economy. Hence, SAGIA has indicated that it aims for Saudi Arabia to reach the tenth position in the GCI in the near future.

Table 0-2 Summary of Saudi Arabia GCI position 2014

Year	Saudi Arabia Rank	UK Ranking	Total Economies
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2009/10	27	13	133
2010/11	21	12	135
2011/12	17	10	142
2012/13	18	8	144
2013/14	20	10	148

(Source: The Global Competitiveness Report, World Economic Forum)

Even though the above table shows a slight improvement in the GCI position since the official introduction of SAGIA's CSR initiative, it can be argued that the overall economic ranking improvement could be because of the entry of new, less competitive countries and not directly related to the introduction of CSR. The total number of countries increased from 135 to 148 in relation to 2010/11 and 2013/14 respectively.

The introduction of GCI has a disadvantage in raising financial costs for Saudi companies. Hence there is a primary collision between making the country the most competitive economy and the development of KSA human capital. This can be seen as an inherited conflict of interest for SAGIA, where on one hand they are targeting and aiming for a high level of Saudi national competitiveness in the international arena and on the other hand there are consequently increasing costs of developing human capital for the private sector, which in a true sense makes them less efficient and less globally competitive in comparison to other low labour cost countries. In turn, this correlated high national labour cost could discourage potential foreign investment in KSA when SAGIA is trying to attract investment and promote Saudi Arabia.

However, important questions can be raised as a result, and they need to be answered by research. For example: has the introduction of the GCI initiative encouraged Saudi companies to embrace CSR? And has it consequently improved the Saudi economy and its national competitiveness? Would the notion of inviting Saudi companies to participate in a financially rewarded CSR competition be the most appropriate approach to encourage those companies to embrace CSR voluntarily? Would the introduction of such incentives and competition limit and slow down the speed of CSR take-up by Saudi companies? Furthermore, would the introduction of GCI encourage Saudi companies to participate efficiently and

comprehensively in the social development needed by the Saudi population? And finally, how can GCI and SAGIA CSR initiatives be incorporated into the suggested template of Saudi national CSR strategy? . Those Questions are addressed within this research (see Findings and recommendation sections)

### **2.1.3 The King Khalid Foundation**

#### **King Khalid Responsible Competitiveness Awards 2009, CSR King Khalid RCI Award, RCI Index**

The King Khalid Foundation (KKF) defines responsible competitiveness as “the ability of a company to build competitive advantage through a commitment to sustainability and corporate social responsibility (CSR)” <sup>11</sup>. Furthermore, KKF adding that “responsible competitiveness goes beyond philanthropy initiatives and focuses on aligning” CSR practices with the “business imperatives, such as promoting growth, improving profitability, enhancing brand and reputation, and deepening engagement with key stakeholders. Companies with a responsible competitiveness strategy are able to deliver benefits for their business,”<sup>12</sup> besides providing positive impacts to their communities, employees, customers, and other stakeholders. The reasoning for and consequences of responsible competitiveness are among the advantages delivered by a commitment to sustainability and CSR. As a result, some Saudi companies are conservative and they are secretive about CSR experiences. They are not willing to share information with other Saudi companies that try to embrace the CSR concepts in Saudi Arabia.

### **2.1.4 NGOs Non-profit Organization**

New breed of specialised Saudi NGOs are targeting the engagements and the incorporations of Saudi companies, who don't have CSR model within their business strategy. They are focusing on those companies for financial contributions in order to implement their charitable activities, which in line with the Saudi CSR social requirements fulfilments in the country. The dependence of Saudi companies on the NGOs for the CSR programme can limit the Saudi companies' own CSR development in the future. It is considered an easy way out. The dependence on the NGOs CSR organization can also prevent the creation of the companies'

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<sup>11</sup> Source: King Khalid Awards (2017.), retrieved from <http://www.kkfeng.org/kingkhalid-awards.php>

<sup>12</sup> : Ibid

own strategic CSR vision and mission aligned to the social development objectives of the Saudi society.

The recommendation of study encourages Saudi companies to only partially support the NGOs CSR activities but it also ensures their ability to develop their own CSR vision and mission that is suitable for company-related activities and environment, guaranteeing the creation of their own CSR departments for future implementation and projects.

### **2.1.5 Top 100 Saudi Companies**

Saudi companies focus primarily on incorporating ISO26000's CSR regulations and guidelines within their own CSR's initiatives, where unified standardization template used for this purpose. Consequently the latter leads to ignoring, overlooking the unique local corporate social endogenous requirements imposed by local society. Furthermore, this could be causing confusion between understanding and appreciating their basic CSR financial contribution and that related to standard operation costs for example training their employees, marketing new products and so on. In essence, matching their CSR contribution to the Saudi endogenous CSR requirements can lead to either unique interpretation of CSR activities within companies or the misconception of CSR generic principles and the intended purposes.

Therefore, financial, environmental, and social contributions unrelated to the core business activities can be considered as CSR projects, but not vice versa. All Saudi companies should consider the consequences of the Saudi CSR endogenous parameters; moreover, they should align and gear their CSR vision and mission to accommodate specifically those endogenous requirements. Extensive training aimed at understanding the endogenous Saudi CSR principles can result in clarifying the use of CSR and its merit to the Saudi companies' business activities.

### **2.1.6 The Magnitude of Social Development in Saudi Arabia**

Turki Alfaisal<sup>13</sup> indicates that Saudi Arabia is the cradle of Islam, a religion that today has an estimated 1.2 billion adherents. Saudi Arabia represents over 20% of the combined GDP of the MENA region (and an estimated quarter of the Arab world's GDP, according to the latest IMF statistics), making it the economic engine of the region and an effective partner and member of the G-20. The Saudi stock market represents over 50% of the entire stock market capitalization of the MENA region, and the listed Saudi companies make up 5 of the top 10 companies in the region, the top two slots being occupied by the Saudi conglomerates Aramco and SABIC. The Saudi Arabian Monetary Agency (SAMA), the Kingdom's Central Bank and the Author bank are the world's third-largest holders of foreign-exchange reserves, managing just about \$850 billion, while holdings of \$500 billion are in private hands. Last but not least, Saudi Aramco, the Kingdom's national oil company, is the world's largest producer and exporter of petroleum and it has by far the world's largest sustained production capacity infrastructure at about 12.5 million barrels per day. It also has the world's largest spare capacity, currently estimated at about 2.5 million barrels per day, or about 70% of the unused global capacity.

Turki Alfaisal concludes that Saudi Arabia has a vital responsibility and role that go beyond the Arab world, indicting the importance of both local and global sustainable development, by being critical of the well-being of the global economy, including the Islamic world, through Islamic religious collaboration and progress. National income dependency on Saudi Arabian oil and the fluctuation in crude oil prices make it urgent for Saudi Arabia to reduce its oil dependency and to seek a diversification of its national revenues through economic and social development. This requires a reduction in the huge social development costs of the growing Saudi population. The Saudi population has increased dramatically during the last three decades, from nearly 8 million to 22 million Saudi nationals in 2013<sup>14</sup>. Many official invitations have been extended to the Saudi private sector and NGOs to assist with the social development costs over recent decades.

Natasha et al. (2012) noted that Saudi Arabia is the world's largest donor of humanitarian assistance outside the West. For recent natural disasters, from Haiti to Japan, Saudi Arabia's financial contributions far surpassed those of any other donors. Concerning development and

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<sup>13</sup> Turki Alfaisal : Royal family member, Saudi Intelligent minister, UK, US ambassador and Social change activist.

<sup>14</sup> Source: Saudi Arabia's Foreign Policy / Middle East Policy Council (2017.), retrieved from <http://mepc.org/journal/middle-east-policy-archives/saudi-arabias-foreign-policy>

aid to the Arab and Muslim world, Saudi Arabia is the undisputed leader. Internally, the country's annual philanthropic aid given to causes within Saudi Arabia that is initiated by individuals, foundations, corporations, and the government ranks is among the highest in the world – 1.5%-2% of its GDP compared to 0.5%-1.0% in most Western countries. These statistics suggest that the pace of social development, with this level of financial support, must be vibrant and thriving. However, this is not the case with the KSA. While the Kingdom's generosity is impressive and inspiring, the impact of what is given remains weak.

Country	Total Population	Registered Non-Profit Organization (NPOs)	Ratio Number of (NPOs) Per Head
Saudi Arabia	27 million	700	1: 39,000 Saudi citizens
India	1.252 billion	3.3 million (0.0033 billion)	1: 380 Indian citizens
Russia	143.5 million	227,000	1: 700 Russian citizens
The table is based on a study undertaken by Natasha et al. (2012)			

Table 3: Number of charities in relation to the population

The above table shows the low ratio of the number of charities compared to size of the Saudi population. It also indicates the magnitude of the social development that is needed in Saudi Arabia. It shows that there is ample room for non-profit organizations, as well as enterprises, to be more interactive in the provision of social sustainability in the KSA. The Saudi Arabian philanthropic and business leaders have been gradually recognizing the social sector's crucial role in the future social and economic development of the country (Natasha et al., 2012). The researcher argues that the apparent dependence of Saudi companies on NGOs for the CSR programme can limit Saudi companies' own CSR project development and consequently those companies could become out of touch with their own local societies and related social responsibility core issues. This is considered as an easy way out form setting and establishing their own CSR strategy and it can prevent the creation of the companies' CSR strategies and the consequent CSR vision and mission, resulting in the inability to align companies' CSR strategies with the proposed national CSR strategy in the future. All Saudi companies should

be prepared for the possible future formulation of the national CSR strategy and corporate governance guidelines for the Saudi stock market listed companies

A unique aspect of Saudi Islamic culture is the presence of Zakat as one of the main tools for poverty alleviation. Zakat is often compared to the system of tithing and alms, serving principally as a welfare contribution to poor and deprived Muslims. It is the duty of an Islamic community not only to collect Zakat but also to distribute it fairly. The Saudi government mandates a 2.5% Zakat tax from both businesses and individuals, which is used to help fund the country's social security system. It is distributed by the organizations in the form of cash contributions. Zakat is identified in the current research as an important feature of what is referred to as Islamic philanthropy.

The website of the World Congress of Muslim Philanthropists (WCMP) is a tool that provides Muslim corporations or the “socially responsible corporations” with information on the principles and requirements of Islamic corporations; it clarifies accountability for philanthropic contributions to society. WCMP suggests that Islamic philanthropy should not only promote local Islamic societies but also encourage social investment opportunities in the wider Muslim world. Islamic philanthropy is defined by WCMP as a philanthropy that is “driven by compassion; it is intrinsic in the Islamic values. Muslims should reach out to the needy and oppressed, regardless of their gender, ethnicity, or religious beliefs.” However, this research addresses the following important questions: would the Zakat contribution be equal to the CSR financial commitment and is a Saudi company's CSR contribution additional to the Zakat contribution?

The present research ascertains that the disintegration of social power requires a unique strategic alignment between corporate sustainability and ‘social power’, which has been clearly manifested by the interaction between the Saudi companies and the following factors: societal expectations; social developments and national economic development obligations embracing some of the international regulatory CSR standards such as ISO26000; GRI and the sustainability principle; the local CSR that is deeply rooted in Islamic philanthropy; and the local CSR creative initiatives.

In fact, CSR adds a powerful element to these conceptions. Frederick (1960) stressed the need to fulfil public expectations and to use the means of production in such a way that they



contribute to the enhancement of total socio-economic welfare. This is one of the important philosophies embedded in the CSR practice in Saudi Arabia; it is a true expression and a good description of the scope of Saudi companies' involvement and the distinctive Saudi CSR characteristics, as is explained in this thesis.

CSR is not a newcomer to the business arena across the globe. It has been largely recognized by many international business regions as a business strategy that copes with the growing environmental challenges, local social responsibilities, and sustainability.

Furthermore, other CSR principles have been emerging and reinventing themselves with modern applications, for example, the concepts of accountability, stakeholder theory, social contract, corporate citizenship, and more recently triple bottom line. They all enhance the need for Saudi companies to acknowledge the international regulatory body requirements and the local social obligatory pressure that is being demanded more and more by Saudi societies, large Saudi philanthropical figures, and international communities. Saudi companies are encouraged to respond to Saudi society's social needs and to align themselves with other international CSR initiatives as a basis for competing in other global business sectors.

This is confusing and ambiguous for the majority of Saudi companies, due to misconceptualizing the CSR international concepts and the local CSR interpretation and application, the lack of local CSR regulatory implementation guidelines appropriate to the social responsibility uniqueness in Saudi Arabia, the lack of introduction to the generally accepted national CSR strategy, the necessity of matching local social development needs and Saudi companies' sustainability, the volatile local culture changes, and interaction with the new global competitive market, besides certain environmental issues.

It can be argued that CSR moves closer and closer to the concepts of corporate governance and is the route whereby non-voluntary orders and guidelines are introduced to administer the running of an organization by its directors. The board is thus accountable to shareholders and the organization and the publication of a governance report is required annually. The only related corporate governance guideline was the introduction of the Responsibility of the Board of Directors for Saudi stock market listed companies (Article 10 sec. 5, which is very brief compared to other sections).

It seems ambiguous and it lacks clear instructions for implementation. There is no schedule attached to the Article. Consequently, it opens the door to possible misinterpretation by Saudi companies. Hence, there are no requirements included in the article for the publication of social reporting by the Saudi stock listed companies. Perhaps, the absence of these requirements allows Saudi companies to choose the ISO26000 and GRI formats for reporting on their social and environmental CSR activities.

However, investigating whether the introduction of CSR guidelines into a corporate governance regulatory framework can promote the CSR journey in Saudi Arabia and enable the formulation of a template for ‘the Saudi national CSR strategy’ can be part of this study’s recommendations.

A study on Saudi CSR in 2009 pointed out that “CSR in Saudi Arabia can be characterized as responsive within the exiting normative and institutional pressures in the local context” (Emtairah et al., 2009). The local context included the following: information technology infrastructure, poverty rates, health and safety, jobs for women, environment, getting Saudis into the work force, and improving education and training.

In light of this, it can be argued that Emtairah’s index has reflected some of the social responsibility boundaries in Saudi Arabia in a specific way, but it could not provide in general terms a comprehensive conceptual CSR generic model which can be used for future studies to provide an accurate comparison. This model can also accommodate the analysis of both the volatile current and future CSR activities and development by applying a holistic analytical approach that is introduced and developed in this thesis.

Carroll’s interpretation of Davis’s concept of Iron Law of Responsibility and its social power (as cited by Carroll, 1999: 71) suggests the presence of CSR and social responsibility variations in different countries. Hence, it can be argued that the application of CSR within the scope of the two major economic principles of capitalism and socialism requires approaches different from those of CSR policies. This will consequently lead to variations in social responsibilities and social powers. Saudi Arabia does not relate fully to either of the economic models. It has its own unique economic model, which blends the capitalist and socialist models along with other specific features such as Islamic economic principles and guidelines.

Currently, there is a variety of disorganized CSR incorporation approaches in Saudi Arabia and unquestionably the Saudi CSR universal definition should have additional crucial factors, including the notion of national development, social obligation, and ethical philanthropic activities. Hence, the most influential Saudi CSR primary factors are the country's national and social developments and the deeply rooted Islamic philanthropic accomplishments, as this research has ascertained. Even though Saudi Arabia was established nearly 90 years ago, it is still socially evolving and nationally developing.

Carroll (1999) refers to this notion as the “social power” of a company, whereas an organization's capital expansion relates to their expected consequent CSR contributions. The latter is currently at a minimal rate among Saudi firms, which illustrates that Saudi companies are embracing CSR at a slow rate.

Furthermore, in general terms, the research suggests that the slow growth of Saudi CSR initiatives relate principally to the weak, disorganized interactions between the Saudi business communities, the Saudi CSR drivers, Saudi firms' stakeholders, the representatives and promoters of Saudi CSR including SAGIA, KKF, and the governmental regulatory bodies, and the uncoordinated, unshared CSR advanced efforts by large Saudi firms.

## **2.2 Why CSR is needed in Saudi Arabia**

This section explores in brief detail the possible implications of utilizing CSR. It introduces the scope of CSR generic Western concepts within Saudi Arabia, in addition to some of the unique current CSR practices or the one resulted from this study in retrospective to the finding of the research. Each introduced element is a representation of why Saudi companies embrace CSR in the first place.

This section supports the literature reviews of Saudi CSR conceptualizations (see Chapter 3 part II)

### **2.2.1 Corporate Philanthropy**

Corporate philanthropy has not been as beneficial as expected. Many corporations have given away millions of dollars for good charitable causes (Sanusi, 2008). More often than not these

contributions are unfocused, and respond to the desires of the executives and employees. Such corporate philanthropy may be market-oriented or it may be an element of good will and/or good citizenship, but it generally does not convey sufficient social responsibility (Sanusi and Iskandar, 2007). However, for the latter, Saudi companies' endorsement of CSR is related to a possible desire for extending, organizing, and strategizing their existing charitable donations or charity projects, enabling them to report their Islamic philanthropy to their stakeholders adequately. Contrary to the perception that larger organizations are the only ones to benefit from CSR is the issue of marginal value (Silverman, 2010). The marginal value of increased legitimacy can be greater for smaller companies, so they are equally as eager to enhance their performance through legitimacy and to reap the benefits that come with it. That marks a true representation of most private and large limited companies that would like to join the Saudi capital market and become floated listed companies. The only means available for them to realize this goal is by being socially responsible and good corporate citizens (Slemrod, 2004). These studies suggest that all companies, regardless of their size, should attempt to improve their external social environment and enhance their reputation and subsequently their performance, rather than care for the altruistic self-concern of others (Sprinkle, 2003). These are crucial and essential factors for most Saudi companies, as has been established by this study.

### **2.2.2 CSR Global Expectation**

For many of the new ventures open to multi-national corporations, there is a need for social and economic improvements on a mass scale, which supports the notion of Saudi companies' participation in their own sustainability and in the country's economic development (Merchant and Van der Stede, 2000). A corporation that fails to respond to those needs risks the hostility of the host country, with a backlash that will be harmful to the corporation; one may consider, for instance, Aramco's operation in nearly 122 countries, which is considered as a response to CSR global expectations by large Saudi MNCs (Sakalaki et al., 2007).

The global dimension of CSR creates an environment for the multi-national business to voluntarily compensate for international and developing countries' regulatory deficits (Stevens and Thevaranjan, 2003). An evolving system of global CSR organizes values, principles, rules, institutions, and tools in support of voluntary corporate actions, which can be recognized as a major influence on the introduction of Saudi CSR within both listed Saudi MNCs and non-listed Saudi companies (Taylor, 2000).

### **2.2.3 Stakeholder Expectations**

For some Saudi companies, stakeholder priorities become apparent when organizations are inspired to become socially liable, as their most responsible stakeholders expect them to address and understand the community and the social concerns that are related to it (Tim, 2010). Another stakeholder priority is to understand the causes that employees feel are important, thus focusing on local labour training and Saudi employment (Tom, 2004). The key external stakeholders within CSR include the following: customers, consumers, investors, communities where operating facilities are located, regulators, academics, and the media (Lau and Tan, 2005). This research argues that meeting the Saudi national and economic development obligations represents crucial parts of the Saudi stakeholders' expectations. Hence many Saudi corporations, both small and large, are involved in the business of achieving the Saudi national and economic development obligations. Consequently they have become socially responsible and positive participants in local social and national development (Lenard, 2003), for example, the national commercial bank NCB, the Saudi Toyota dealer, Aramco, and Savola, among others.

### **2.2.4 Business Strategic Vision Mission and CSR**

It can be argued that there is a general consensus among Saudi companies that many of them have standard mission statements and CSR policies. However, there are a few companies that are either the first in their industry to have them or they are outstanding in how they are making a difference (Trapp, 2009). Furthermore, Saudi companies often have a CSR strategy associated with their mission and vision statements. The primary reason a CSR policy is put in place is to promote the image of the company (Trevino and Nelson, 2006). This can be achieved by communicating the vision and mission to their stakeholders and improvising CSR reporting, which is a true manifestation of the companies in Saudi Arabia.

### **2.2.5 Corporate Citizenship and Sustainability**

Karnani (as cited in Van der Stede, 2000) stated that CSR is irrelevant when public interest and profits are aligned because profits automatically boost social welfare. For example, car makers that produce and sell fuel-efficient cars are in a win-win situation, but there remains the question of whether they designed the fuel-efficient car because they wanted to help the environment or because the energy costs for the companies were dramatically increasing and

they saw the potential for a large profit (Wakefield, 2008). There are only a few examples of this notion in Saudi Arabia, such as the semi-public pension funds, CPC.

On the other hand, not all Saudi companies are engaged in CSR incorporation. There are companies for which profits and the greater good of society are at opposite ends. This is an argument that could be relevant to some Saudi companies that are not engaged in CSR initiatives yet and that still practice the old charity donations via unannounced hidden systems and activities (Watkins et al., 2004). Different companies are working toward CSR (Stevens, 2002) and a number of companies have fulfilled their responsibilities toward society with respect to improving their community goodwill and profits, i.e., corporate citizenship and sustainability (Stevens and Thevaranjan, 2003). However, a number of international companies started to consider the concept of CSR as a part of corporate philanthropy, rather than a part of their responsibilities (Taylor, 2000). These companies have begun to adopt CSR as a result of pressure from consumers, suppliers, community organizations, activists, and investors, among others (Langevin and Mendoza, 2010). The published corporate philanthropy is a tool for improving the company image, sustaining the market sector, and manipulating stakeholders. These companies do not understand CSR as a part of their responsibility, but rather as a tool to satisfy their customers and society (Lau and Tan, 2005). Some companies substitute the latter notion for that of Islamic philanthropy, which in essence conflicts with the status quo that originates from the deep-rooted genuine Islamic beliefs and charitable philosophies. It can perhaps be argued that both versions of philanthropies are widely practised and expressed as a reason to explain CSR unique conceptualization or mismatching by the Saudi companies.

#### **2.2.6 National Global Competitiveness**

Companies utilize their benevolent attempts to enhance their competitive circumstance; that is, to create a positive impact in the business environment in the places where they are operating (Lenard, 2003). These companies use the tool of corporate philanthropy to improve their competitive circumstances, to align their economic and social goals, and to promote their long-term business prospects (Little et al., 2002), whereas the Saudi Arabian companies that apply the standard Islamic philanthropy practices are encouraged by SAGIA and other institutions to be more efficient and modern following the CSR international principles that aim at enhancing their own competitive advantages and, consequently, the national global competitiveness of the whole country.

### **2.2.7 Social Development Obligations**

The notion is related to and echoes the 1953 CSR modern period of literature, which started out with the publication of Howard Bowen's landmark book *Social Responsibilities of the Businessman* in 1953. Carroll (1999) addressed the leading query that is still relevant: What responsibilities to society may businessmen reasonably be expected to assume? In Bowen's conception, as reviewed by Carroll (1999: 6), CSR refers to "the obligation of businessmen to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society".

For a Saudi company, there is only one means to achieve those desirable objectives: it is to meet the country's cultural expectations, including national and social development obligations first and foremost.

Saudi CSR is in line with the CSR presented in the expanded literature review during the 1960s. Carroll (1999) argued that the CSR concept branched out and took on different shades of meaning within the pioneering works of Davis (1960), Frederick (1960), and McGuire (1963), where a trait common to all was the notion that CSR comprises many topics which lie beyond the merely technical or financial interests of the business world. In McGuire's words, as cited by Carroll (1999: 144), "the idea of social responsibilities supposes that the corporation has not only economic and legal obligations but also certain responsibilities to society which extend beyond these obligations".

Consequently, Saudi CSR endogenous characteristics are supported by the latter notion where "certain responsibilities" can represent in principle the context and natures of Saudi CSR endogenous characteristics, which are governed by the variations of other additional unique obligations, as the study argues. Perhaps this argument goes beyond Saudi CSR to cross to other countries and nations, and the interpretations of CSR by their business communities.

Davis's Iron Law of Responsibility (as cited by Carroll, 1999: 3) states that the "social responsibilities of businessmen need to be commensurate with the social power"; in other words, power brings great responsibility. As the Saudi companies become larger and more

profitable, with their prime services based on interaction with Saudi societies, more social demands are expected to emerge.

Therefore, the Saudi companies have been continuously asked by Saudi government officials to participate in Saudi national and social development since the era of the late King Fahad, nearly 40 years ago. His Majesty King Fahad (the Custodian of the Two Holy Mosques), pointed out that there is no difference between the private and public sectors and that all are responsible for Saudi society's national and social development: "we are a big family looking after each other" (Saudi Media, broadcast 1978). The social demands are more apparent, as mentioned above, and they concern large Saudi corporations and specific sections of the private sector, which deal with the public, providing services like banking, transportation, health, and communication services.

#### **2.2.8 Islamic Philanthropy**

Since 2009, there has been a great need to explore Saudi CSR activities and to conduct a detailed conceptualized and empirical analysis utilizing Western international CSR standardization principles and generic principles. The researcher argues that the CSR primary concepts are deeply embedded in the Saudi managers' beliefs that arise from their Islamic and philosophical perspectives, which, in essence, advocate the notion, introduced in this research, of Islamic philanthropy. This concept has been developing over the last few years and is recognized by academics in the Western world.

#### **2.2.9 The Saudi National CSR Strategy**

According to Mandurah et al. 2012), "most managers are aware of the CSR concept and they exhibit a positive attitude towards it". CSR concepts are in line with the managers' Islamic values, teachings, and practices. The current research validates the research argument that "CSR is in its infancy among Saudi firms" (Mandurah et al., 2012).

Up to 2013, the research still confirmed that "the CSR concepts are in the early stage of development" and that "there seems to be a narrow and shallow understanding of the strategic role of CSR in achieving overall long-term corporate objective"<sup>15</sup> (Mandurah et al., 2012), which, in essence, advocates the nature of the misconception of CSR in Saudi Arabia

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<sup>15</sup> (*Journal of Applied Business Research*, September/October (2012 retrieved from <http://www.cluteinstitute.com/ojs/index.php/JABR/article/download/7244/7314>)



by Saudi managers and their confusion about incorporation of CSR at the business strategy level.

Furthermore, there is a failure in the present national CSR strategic collaboration and directed initiatives in Saudi Arabia to bring together both public and private CSR activities and their objectives. Hence, the limitation in CSR activities is governed by ethics stemming from individual managers' religious-based beliefs (Mandurah et al., 2012: 8).

The conclusion they came to was that CSR in Saudi Arabia tends to move toward classism and to be viewed as philanthropic/charitable instead of being a strategic orientation.

In the current research, this conclusion is further explored and challenged within the empirical analysis stage. Hence, it can be argued that for many Saudi companies the above implication cannot be overgeneralized for all Saudi companies. In fact, some firms have incorporated CSR as part of their strategic planning and business strategy policies, for example, the implementation at the Dr Soliman Fakeeh Hospital (DSFH) of the concept of CSR within the business strategy model, where the alignments of the CSR objectives to their vision and mission statements have taken place.. Hence DSFH based their CSR model on Western CSR concepts, namely sustainability and stakeholder expectations, which are purely strategic CSR applications.

The researcher further argues that the inadequacies in the national and local strategic CSR direction and guidelines have resulted in many unintended misconceptions and misinterpretations of the Western and international principles of CSR regarding its application by Saudi CSR governmental bodies, external consultant advocates, promoters, academics, non-profit Saudi organizations (NPOs), CSR founders, and the rest of the commercial companies embracing CSR in Saudi Arabia.

This can be attributed to the deficiency in the institutionalized and systemic approaches that confines the potentiality of the strategic CSR, and which requires the imposition of involuntary CSR strategies and guidelines on all Saudi companies that operate inside Saudi Arabia, including perhaps the GCC. The research confirms the need for the creation of a Saudi National CSR Strategy, which is highlighted throughout this thesis.

### **2.3 Conclusion**

The balance between social responsibility demands and the social power of Saudi companies can be represented by the Saudi social obligation, national social development, and economic and national development participation. Hence, this could be one of the main reasons and incentives for the Saudi CSR endogenous characteristics, as can be seen in the study findings. In fact, those Saudi companies who are CSR active seem to be thriving while other non-active CSR companies are failing, putting themselves in a difficult local situation.

The above conclusion is confirmed by Carroll (1999: 3) who calls attention to Davis's reasoning that "if social responsibility and power were to be relatively equal, then the avoidance of social responsibility leads to gradual erosion of social power". These notions are the merits and the bases for Saudi organizations' attraction to CSR, which is governed by a strong locally, socially, and nationally demanding culture combined with watchdog officials who are continuously evaluating Saudi companies' social obligation responses.

The business community bears the mismatch of Western and international CSR generic conceptualizations, combined with confusing views and directions inherited and geared by the following drivers, summarized below, which are explored throughout the thesis:

1. CSR reporting requirements on negligence within Saudi Governmental regulatory bodies such as the Saudi capital market authority and the related capital market law (CML), including corporate governance regulation and financial disclosure for CSR activities among Saudi listed companies. Together with the absence of imposed requirements for additional CSR reporting by CML.
2. Saudi companies' stakeholder confusion of CSR with Islamic philanthropy and the lack of understanding with respect to the pressures of CSR incorporation and disclosure combined with cultural and social obligation variations from one region to another.
3. The country's social development national project requirements and the expected roles imposed on Saudi firms in the process are nearly overtaking the whole unique CSR Saudi conceptualization.
4. Fast-growing local social expectations as more and more media communication enlightens the notion of CSR in terms of Saudi companies' social contribution to Saudi society.

5. Hence, some of Saudi society's fundamental additional social care system requirements are diverted to Saudi business communities rather than to local governmental bodies and ministries.
6. The unique national tribal, cultural, and social obligations aligned to the interdependent relationship between Saudi firms and Saudi societies, together with the influences of Islamic philanthropic principles adhered to and applied by Saudi companies and their leadership.
7. Also, the confusion about the related issues of the duplication of the social care cost arising from CSR implementation against the imposed Zakat standard contribution costs. The above points can contribute to the formulation of some of the initial Saudi CSR endogenous categories, which this research aims to establish.

Therefore, the thesis argues that CSR is still ambiguous, and it is interpreted somewhat differently in different countries across the globe or even misinterpreted and sometimes uniquely conceptualized, as is the case of Saudi Arabia. This could be due, in essence, to the approach and relationship of the business communities to the notion of the social obligations of the societies, which certainly vary in different countries. Thus, this research can be considered as the manifestation of the unique interpretation of Western and international CSR within the scope of Saudi Arabia, and thus the undertaking of the endogenous analysis of CSR in Saudi Arabia.

The researcher also argues that the initiation and setting of the Saudi National CSR Strategy should elucidate the misconception and misinterpretation of CSR in Saudi Arabia. The Saudi National CSR Strategy can provide specific guidelines for planning and incorporating CSR within Saudi companies and can also contribute to the understanding of the unique conceptualized CSR principles and their manifestation in the endogenous characteristics in Saudi Arabia, and vice versa. This is because specific instructions for dealing with definite endogenous issues would be integrated with the guidelines, even when the identification of Saudi endogenous characteristics are manifested within the Saudi National CSR Strategy. The current research identifies the Saudi endogenous CSR characteristics at this stage as Islamic philanthropy, social and economic development, and social obligations, among others. All the elements are included in the research model (see the endogenous Saudi CSR research model at chapter 3 section I )

The next chapter reviews the literature on the notion of the CSR perspective since the 1950s. It also highlights the generic CSR concepts and theories and the concepts of ISO26000, together with other relevant literature that helps to construct the conceptual framework for Saudi endogenous CSR characteristics. Insights are presented from various sections of Saudi Arabian businesses.

## CHAPTER 3: LITERATURE REVIEW

The literature review's main objective is to aid in the formulation of the Saudi corporate social responsibility (CSR) conceptual model and to address the research questions retrospectively, thus focusing on identifying the Saudi CSR endogenous components<sup>16</sup> responsible for the formulation of Saudi CSR model.

One of the major obstacles in conducting research on CSR is the presence of vast academic resources, which are often specific to a certain country or region of the world. Therefore, in order to overcome this difficulty, an initial guideline (proposed contextual model) was formed to provide the literature review's main parameters. This guideline was based on the researcher's previous academic research on Saudi companies, together with pilot studies and practical experience gained over twenty years of working within the private sector in Saudi Arabia.

Initially the literature on CSR was investigated and explored all the way back to 1940 and beyond, thus building and selecting the appropriate relevant literature to the Saudi Arabian CSR model, which was introduced as a result of two pilot studies.

Traditionally, adding to the knowledge requires scanning ALL the current and past literature on the subject in general terms, which is extremely difficult to achieve for the reason explained above. Therefore, the focus of the literature review in principle is on A) the relevant theoretical CSR Western and international CSR debates and B) on the Saudi CSR studies conducted during or prior to this research and specifically addressing the CSR developments relating to both private and public sectors.

The literature review developed as the outcome of the research was taking shape and in a retrospective manner to the research findings because the literature review's parameters were set within the content of the Saudi Arabian CSR proposed model. Therefore, the literature review's main objective is to highlight the appropriate Westerns' and international CSR

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<sup>16</sup> Either related to current Saudi CSR initiatives found in practice today or related to the Saudi national culture, Islamic teaching and charitable activities, social national development, and so on.

generic concepts which can support the contextual factors outlined within the Saudi CSR proposed conceptual model used for the empirical analysis.

The literature review is divided into three major sections. The first section addresses the Western concepts and international guidelines relevant to the Saudi CSR model conceptual framework, where Western CSR generic concepts and historical developments are examined theoretically and the contextual analysis of the relationship of the Saudi CSR counterparts is conducted. Thus extensive focus debates on Western CSR concepts are initiated and related to the Saudi CSR conceptual proposed model. ISO26000 is complementary to the debate and contributes partially to formulating the Saudi CSR endogenous model.

The second section addresses the possibly unique CSR characteristics found within Saudi Arabia, which are based on the findings of two pilot studies conducted by the researcher. New terms for some of the Saudi endogenous CSR characteristics are introduced in this section for the first time. They have been supported and analysed in relation to the studies and literature found in Saudi Arabia. This section provides a theoretical analysis to answer the main research questions and parts of the theoretical contribution of the research. This section contributes to the recommendation section of the research, where the Saudi national CSR strategy is introduced. It also complements and supports the debates and discussion in both chapter 5 (Findings) and chapter 6 (Conclusion and Recommendations). It provides a theoretical confirmation and validation for the debate and findings in relation to the formulated Saudi endogenous CSR characteristics.

The third section addresses and focuses in principle on familiarizing, comparing, and analysing Carroll's CSR generic models and how they can be used for the Saudi CSR model analysis and interpretations, thus establishing the adopted CSR Three-Domain model as suitable for Saudi CSR model analysis. It also complements debates and discussion analysing the endogenous Saudi characteristics in both chapter 5 (Findings) and chapter 6 (Conclusion and Recommendations). This section provides part of the theoretical contribution of this research and answers the last question of the research.

Therefore, the aims of the literature review are: (a) to address the research questions within the analytical analysis approach for possible interpretations, explanations, and propositions, whenever it is appropriate and possible; (b) to explore the generic Western CSR concepts and

principles from a Saudi Arabian perspective, which can be used for the formulation of the Saudi CSR conceptual model; (c) consequently, to examine the international CSR conceptualization and the regulatory standards and principles as related to the Saudi CSR development, particularly the notion of CSR reporting by Saudi firms; (d) the formulation of Carroll's combined CSR model that has been adopted for the analysis of the Saudi endogenous CSR distinctive characteristics, Carroll's Three-Domain model conceptual framework and interpretation.

Thus, the aim of this chapter is to provide an analytical contextual analysis of the relevant CSR Western and international concepts, which lead to formulating the conceptual framework that will be utilized at the empirical analysis stage.

A retrospective Saudi CSR model is represented in advance to provide a full picture of the literature review's scope and end product. This is the conceptual Saudi CSR model outlining the Saudi CSR endogenous characteristics, which is used for the empirical findings and is part of the research contributions (see the model below). The pilot studies, literature review and the findings from the empirical testing stage have developed this model in a retrospective manner. Earlier versions of the model can be found in this research, showing the stages of the development of the model in respect to this final version. This model is part of the research contribution and findings, and it acts as a guideline for the literature review covered in this chapter.

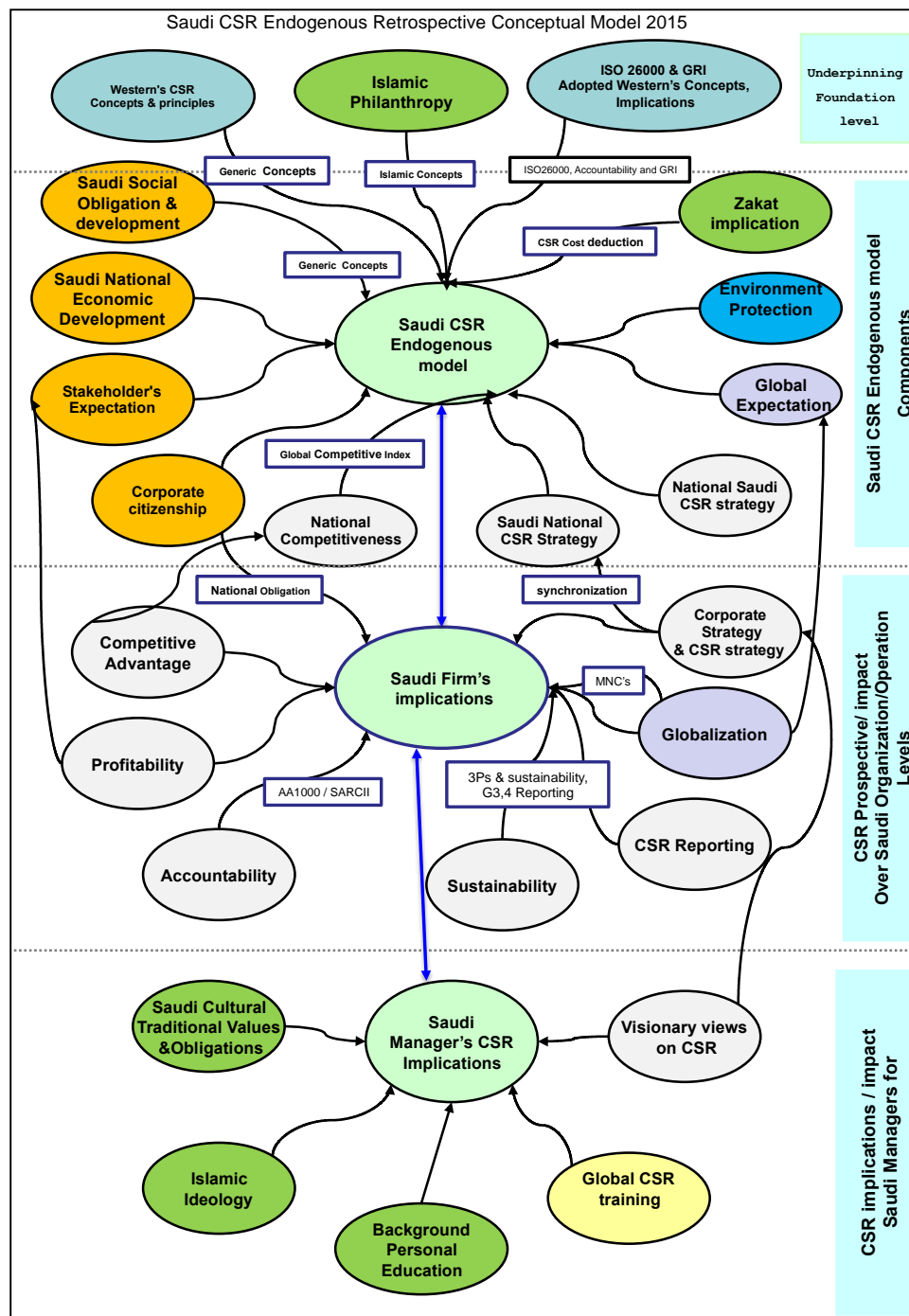


Figure 6: Saudi CSR Endogenous Retrospective Conceptual Model 2015

Figure 6 shows that the researcher argues that, fundamentally, Saudi CSR conceptual formations are unique and affected in general terms by the following major influencing factors: (a) Western generic and practice implications, such as corporate citizenship, stakeholders' theory, philanthropy, transparency, accountability; (b) international CSR adopted principles and concepts such as accountability, ISO26000; and (c) the sustainability reporting standardization and guidelines, such as the global reporting initiatives (GRIs), in



addition to the Saudi national social development obligations and Islamic philanthropic practice.

### **3.1 Western Corporate Social Responsibility Concepts and Principles**

This part analyses the relevant literature that addresses the research questions and the formulation of the Saudi CSR conceptual framework. The literature review aims to highlight the concepts of CSR and the various relevant theories, along with the CSR definition from a historical perspective covering the period from the early 1940s till now. The major CSR concepts that have been introduced are the generic concepts of social responsibility, accountability, sustainability, agency and stakeholder theory, social reporting, and other areas of interest in an academic debate.

#### **3.1.1 Introduction**

According to Gill and Johnson (2002), the purpose of the literature review is to help generate and refine the research ideas and demonstrate an awareness of the current knowledge in the area of the research, its limitations, and the manner whereby the research fits in the wider context. Concerning the statement outlining the purpose of the literature review, or what is often called a critical literature review, Jankowicz (2005:161) observed that one does not reinvent the wheel; the work builds on the ideas of people who have examined that field before you in more detail and one has to handle the information in a relevant and critical way. Minger (2000: 225) pointed out that the literature review requires critical assessment of the rhetoric, research tradition, authority, and objectivity whereby one can approach the research problem and assess the information objectively. Gall et al. (2006) specified the purposes of the literature review as follows:

- ❖ To help refine further the research question and research objectives.
- ❖ To highlight the research possibilities that have been overlooked implicitly in research to date.
- ❖ To discover explicit recommendations for further research. These can provide superb justification of the research questions and objectives.
- ❖ To help avoid simple repetition of the work that already has been done.
- ❖ To sample the current opinions in professional and trade journals; thereby, gaining insights into aspects of the research questions and objectives considered new, worthy and relevant to research.

- ❖ To discover and provide an insight into the research approaches, strategies and techniques that may appropriately research the questions and objectives.

The next section introduces the CSR generic concepts and lays down the foundation for the conceptual framework for Saudi CSR.

### **3.2 Corporate Social Responsibility: An Introduction**

The following sections aim to develop the related generic concepts and principles of CSR within the Saudi CSR perspective; thus, the most appropriate CSR definitions are explored and analysed together with the possibility of interpreting and matching the current and/or past applications within the Saudi Arabian CSR model. This process is undertaken in accordance with the research questions, which aim at displaying the nature of the Saudi CSR endogenous characteristics. Furthermore, the thesis provides an analytical analysis that lays the foundations for the conceptualized Saudi CSR model, which will be empirically examined.

There are several definitions of CSR, and they are often used in association with other terms including corporate citizenship, corporate accountability, business ethics, and corporate sustainability. The definition varies according to the differences in the cultural and national settings in each area where an organization operates.

Brown and Dacin (1997) defined CSR as an obligation to implement the values and principles of society, which are described in the business mission and its strategic objectives. This seems confusing and it could clash with the Islamic teachings governing society. Saudi society primarily adheres to Islamic ethics and values which enforce self-generated regulations and reflect the state of both the Saudi companies and their Islamic governed communities; therefore, the Saudi CSR is defined as “a continuation and extension of implementing Islamic values and community principles, with respect to both serving their business objectives and the CSR projects they are engaged in aimed at social and national economic communities, developments and sustainability”. (This is the researcher’s own definition).

Hopkins (2004) illustrates in more detail that CSR is concerned with the benefits for all the organization’s stakeholders. It aims to produce higher standards of living for people both inside and outside the corporation and to preserve the profitability of an organization, which

in essence could be related to the sustainability principles applied by many Saudi companies, as this study shows. Hence, the Saudi stakeholders' obligations are not easily defined. Hopkins's (2004) CSR definition is inaccurate and it does not fit completely with Saudi Arabia. Saudi companies do not mostly aim for their own profitability; in fact, only a few Saudi companies are in agreement with such a definition, since it is extremely difficult for it to be ascertained and empirically tested, especially when one defines the ratio of profitability and the benefits for all the organization's stakeholders within Saudi perspectives.

The Saudi CSR definition and the state of affairs are in line with the definition of the World Business Council for Sustainable Development (WBCSD, 2006): 'CSR is/or should be an on-going commitment by businessmen to behave ethically, to contribute to the economic development and to improve the quality of life of the workforce, their dependents and the local community as well as society at large'. Saudi companies are bounded by strong commitments, by ethical, social, national, cultural and economic obligations toward their communities. The following explains the nature of the Saudi CSR foundations and endogenous characteristics proposed in this study.

Werther and Chandler (2006: 5) argue that "CSR is both critical and controversial. It is critical because the profit sector is the largest and most innovative part of any free society's economy... Hence, companies intertwine with the societies in which they operate in mutually beneficial ways." It is also critical in the sense that it is regarded by corporations as an essential managerial tool for sustainability since it responds to the stakeholders' obligations and expectations promptly.

This CSR view is antagonistic and debatable since diverse cultures observe, interpret, and apply it differently, as is the case with Saudi Arabia. Hence, Saudi CSR is both critical and contentious concerning the obligatory imposed role of social national development for achieving long-term social sustainability. However, CSR is misinterpreted and misconceptualized from a unique Saudi perspective.

The term 'corporate social responsibility' is used more commonly than social responsibility. Researchers now tend to focus more on this term than on any other one and they have attempted to expand it to cover all human activities and their utilization for the benefit of businesses as well as stakeholder groups. Balabanis et al. (1998) argued that this could be

attributed to the greater pressure placed on corporations to support explicitly the welfare of society, which constitutes a major pressure on the Saudi CSR.

In a general sense, this pressure can take many forms as it might be caused by greater awareness among consumers about the origins of raw materials and the by-products of processes, which encourages consumers to engage in transactions with the most socially responsible and eco-friendly corporations. This will cause greater competition between corporations in an industry, manifested in better corporate social performance (CSP) by corporations. Balabanis et al. (1998) proposed that only the adoption of CSR can guarantee sustainable growth for firms as well as societies, which seems to have been taken up and adhered to by many Saudi companies at the strategically highest level, where CSP is becoming an important concept for Saudi firms regarding evaluating their efforts to keep up with their social obligations and national economic development contributions.

Moreover, they are increasingly convinced by the argument that long-term success cannot be achieved unless a firm has recognized the necessity of CSR policies and included them in its business strategies of combining profit making, sustainability, and CSR with the vision and mission of the organization. Good examples are the CSR cases for SABIC, the national commercial bank NCB, and Abultaif Jamil. However, this has not always been the case: many scholars, such as Friedman (1970) and Locke (1996), did not believe any CSR concepts to be important for firms' activities. This study shows that the latter notion is still held by a small number of Saudi companies, especially the Saudi stock market companies that cannot see any need to complicate their managerial tasks with the introduction of CSR and its external reporting obligations. Many Saudi managers cannot appreciate the need for CSR projects in their operation due to their confusion about the possible output and benefits of such initiatives with regard to the additional financial costs of Zakat, and the profitability of their organizations. Finally, the lack of non-voluntary regulations for CSR is considered. Companies are in fact abiding by the corporate governance under regulations set out by the Saudi Capital Market Authority and capital market law (CML). Hence, CML does not require or impose CSR projects within the Saudi stock market companies, as explained in the previous chapter.

However, more consideration of the Western views on CSR, financial performance, and profitability could be relevant to the Saudi CSR debate and conceptualization model.

McGuire et al. (1988) reported various points of view regarding the importance of socially responsible actions and the relationship between CSR and the financial performance of a firm. One view is that firms face a trade-off between social responsibility and financial performance. People who support this view say that firms incur a cost from their sociable actions which puts them at an economic disadvantage compared to other, less responsible firms (Jaggi and Freedman, 1992). By contrast, another point of view states that firms applying socially responsible programmes benefit from these actions in terms of employee morale and productivity (Griffin and Mahon, 1997). Equally, for Saudi firms, applying CSR can enable them to meet their social responsibilities, enhance Saudization and Saudi national potential employment, and develop their potential to perform their operations in a more competitive market. A third perspective is that the costs of socially responsible actions are greater but they are rather offset by a reduction in other costs (Cochran and Wood, 1984), besides the additional conflicting Zakat costs and perhaps the inability to reduce CSR costs of it, as suggested in the recommendation section of this study.

### **3.2.1 Critiques of CSR**

The concept of CSR typically begins with the classic economic argument articulated most forcefully by the late Milton Friedman (1962). Friedman held that management has one responsibility and that is to maximize the profits of its owners or shareholders. He argued that social issues are not the concern of business people and that these problems should be resolved by the unfettered workings of the free market system. Furthermore, this view holds that if the free market cannot solve the social problems, it falls not upon business but upon government and legislation to do the job. Do all Saudi companies oppose Friedman's CSR concept? This research indicates that although Saudi companies appear to be concerned with the social issues of their communities, they are still somehow ignorant of the notion of Friedman's principles and the reasons are related to what has been debated above, which concerns misinterpretation or misunderstanding while they appreciate the importance of the CSR concepts and their objection to the duplication of the financial costs of Zakat along with the impact on the organization's profitability.

A second general objection to CSR has been that business is not equipped to handle social activities. This position holds that managers are oriented toward finance and operations and do not have the necessary expertise (social skills) to make socially oriented decisions (Davis, 1973). This is a weak argument since it does not relate to the CSR project within the Islamic

business community, such as Saudi organizations. This is due to the deeply rooted Islamic practice that can provide guidance on how to take philanthropic activities to the inexperienced managers wishing to embrace the CSR projects. Davis's (1973) CSR objection is in essence one of the major implementation problems of CSR and it raises an important question: should all Saudi companies be encouraged to participate in their CSR projects via other charitable organizations (third party contribution) or should they be encouraged to develop their own capabilities? It consequently indicates the possibility of utilizing both internal CSR development and external strategic alliances aimed at achieving both the country's social development and the Saudi companies' sustainability.

A third objection to CSR is that it dilutes businesses' primary purpose. The objection here is that to adopt CSR would put businesses into fields of endeavour that are unrelated to their 'proper aim' (Hayek, 1969). This can be true and it can serve as an additional reason for the Saudi companies, as confirmed by a study to build strategic an external CSR alliance with the third party CSR specialist providers. However, Hayek's (1969) objection could equally result in the organization's external experience if a decision is made to develop their own CSR diversified projects; thus, they overcome the strategic alliance difficulties of the Saudi organization, especially when this alliance is followed according to the Saudi national CSR strategy and related guidelines proposed by this study.

A fourth argument<sup>17</sup> against CSR is that a business already has enough power, and so why should a business be given the opportunity to wield additional power, such as social power (Davis 1973). Strangely, the Saudi perspective promotes opposite views, and the Saudi government encourages Saudi companies to take on more social development and quality of living responsibility. Also this is one of the major distinctions that shows the endogenous Saudi CSR characteristics and related application.

A fifth argument is that, by pursuing CSR, a business will make itself less competitive globally<sup>18</sup>, which is again strongly opposed in Saudi Arabia since it conflicts with the Saudi endogenous basic characteristics and principles founded by the Saudi Arabian General Investment Authority (SAGIA) and the King Khalid Foundation. CSR major implications are

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<sup>17</sup> Importance Of Corporate Social Responsibility Management Essay. (2017.). Retrieved from <http://www.ukessays.com/essays/management/importance-of-corporate-social-respons>

<sup>18</sup> Ibid

discussed in the previous chapter where, in summary, Saudi companies are encouraged to implement CSR to become more competitive and to make their contribution to the global competitive index of the whole country.

It should be noted that some the objections presented above “were introduced decades ago, though some still hold them, and that the oppositions to the concept of CSR were valid when an idea was once more narrowly conceived”<sup>19</sup>. However, there are general arguments in favour of CSR. They typically begin with the belief that it is in the business’s long-term self-interest – enlightened self-interest – to be socially responsible. This view holds that if business is to have a healthy climate in which to function in the future, it must take action now since that will ensure its long-term viability, beside the notion of fulfilment and the contribution to social, economic, and national obligations in Saudi Arabia.

A second argument in favour of CSR is that it will ward off government regulation. This is a very practical reason, and it is based on the idea that future government intervention can be forestalled if business polices itself with self-disciplined standards and fulfils society’s expectations. Two additional arguments in favour of CSR are that business has the resources and ‘let business try’. These two views maintain that because business has a reservoir of management talent, functional expertise, and capital, and because so many others have tried and failed to solve social problems, business should be given the chance (Davis, 1973: 316). It makes sense for Saudi organizations to manage and be prepared for CSR voluntarily, and possibly non-voluntarily when the CSR reporting regulations are introduced. Hence, this study proposes a national CSR strategy and the introduction of related non-voluntary CSR regulation by both the Zakat official government agent and CML (see the discussion section).

Another justification for CSR holds that being proactive is better than reacting. This basically means that being proactive (anticipating, planning and initiating) is more practical and less costly than simply reacting to social problems once they have surfaced (Carroll and Buchholtz, 2009). This is in agreement with the recommendations of this study where Saudi companies are encouraged to align their own business strategies to the proposed Saudi national CSR strategy and so to place themselves in a proactive position. Finally, it has been

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<sup>19</sup> Business case for corporate social responsibility ijmr. (2017.); retrieved from <http://www.slideshare.net/kafonyi/business-case-for-corporate-social-responsibil>

argued that business should engage in CSR because the public strongly supports it. Today, the public believes that, in addition to its pursuit of profits, business should be responsible to its workers, communities, and other stakeholders, even if making things better for them requires companies to sacrifice some profits (Bernstein, 2000). Many of these arguments for and against CSR have been around for decades. They certainly present the legitimate perspective that there are, indeed, two sides of the argument with respect to almost any concept (Carroll and Shabana, 2010: 88-9); however, these are not all applicable to the Saudi CSR environment, as has been discussed earlier.

In addition to the related Saudi CSR discussed above, it can be argued that the above arguments against CSR could be relevant to the Saudi CSR, whereby some of the Saudi companies' views on CSR implementation agree or conflict with some of the above-mentioned issues and as discussed. It is evident that in Saudi Arabia companies are either relevant or they question the purpose of adding an additional burden to their organization. These views could be among the reasons for Saudi CSR to be endogenous and various. Hence, Saudi Arabia is a highly Islamic country bound to Islamic practices and preaching in all aspects of life.

The next section explores CSR from a historical point of view, seeking the most appropriate era for Saudi CSR to be endogenous and applicable. It attempts to relate the CSR era to Saudi CSR endogenous characteristics as conceptualized by this study.

### **3.3 Corporate Social Responsibility: Historical Developments and Definition**

#### **3.3.1 Western CSR in the 1950s**

Frederick (2006), a noted contributor to the CSR literature, argued that there were three core ideas about CSR that stood out in the 1950s. These were the idea of the manager as public trustee, the balancing of competing claims to corporate resources, and the corporate philanthropy business support of good causes.

However, during the 1950s, there was scant discussion concerning linking CSR to the benefits of businesses themselves. Through CSR enhancement, the primary focus is placed on the businesses' responsibilities to society and on doing good work for society. Levitt (1958) closed out the 1950s by warning the business world about the dangers of disregarding social responsibility.



CSR demands can be developed into a differentiating social force, especially for current political Middle Eastern environments. In spite of Levitt's (1958) warning, CSR would grow in popularity and take shape during the 1960s, driven largely by the social movements that defined the times, especially in the US, and by the forward-thinking academics who were attempting to articulate what CSR really meant and implied for business (Carroll and Shabana, 2010: 86–87) .

In his study entitled 'Corporate Social Responsibility: Evolution of a Definitional Construct,' Carroll (1999) suggests that modern CSR discourse begins around the time of the publication of Bowen's *Social Responsibilities of the Businessman* in 1953: "the obligations of the businessman is to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society".

Other researchers' articles on this subject were published as early as the 1930s and 1940s, and even as early as 1916, there is evidence of the notion of CSR. Clark (1916) emphasized the importance of transparency in business dealings; he stated, "if men are responsible for the known results of their actions, business responsibilities must include the known results of business dealings, whether these have been recognized by law or not"; indeed, he included social responsibility in the business dealings.

A second example is Theodore Kreps' *Measurement of the Social Performance of Business* (1942), in which he introduced the subject of business and social welfare and was the first to use the term 'social audit'. A third example is Frank Abrams (1951), the chairman of the board of Standard Oil of New Jersey; he published an article in *Harvard Business Review* where he stated that "the business obligations are to conduct the affairs of the enterprise and to maintain an equitable and workable balance among the claims of the various directly interested groups, a harmonious balance among stockholders, employees, customers, and the public at large". Similar views were held by, Frederick (2006), Carroll (1999: 269-70), and Carroll and Shabana, (2010: 86).

### **3.3.1.1. Western 1950s Saudi CSR Implications**

Most Saudi managers have been educated in Western countries and influenced by the CSR initiatives, particularly in their academic education and professional CSR training. Yet, they remain closely related to their background Islamic teaching that seeks equality and fairness

for all firms' stakeholders, in agreement with the above definition of Frank Abrams (1951). Saudi managers are governed equally by modernity and old traditions; they have been encouraged by and are closely associated with the Islamic religion, Saudi culture, and social interactions with their local communities and with the officials from the local government who are concerned with companies' economic participation.

In Saudi Arabia, the concept of CSR at the early stages was recognized as a 'social responsibility' that was concerned with any corporation operating in the private or public sectors. However, the CSR concept has developed recently. Carroll (1999: 269) notes that in the early writings on CSR, the concept was referred to as social responsibility rather than as CSR. This might be due to the age of eminence and supremacy of modern corporations in the business sector.

Nonetheless, Carroll (1999: 70) argues that Bowen should be viewed as the "Father of Corporate Social Responsibility" and that "the obligations of the businessman is to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society", because of his recognition that "social responsibility is no panacea; rather, it encompasses an important truth that must guide business in the future" (1999: 71).

The current study, in essence, claims that these core concepts are closely related to the current Saudi CSR endogenous characteristics of good corporate citizenship, social obligation, national economic development, and Islamic philanthropy. An example of being a good public trustee for the Saudi community is 'Saudization', which can be explained as a strategy that enhances Saudi national employment by benefiting from possible development and applications of CSR within the Saudi firms. That in essence is in complete agreement with the Saudi CSR current general notion, not only in terms of its objectives and value to society but also regarding the social and national development, sustainability, and obligation to Saudi society.

### **3.3.1.2 Bowen's Social Responsibilities of the Businessman in 1953**

It has been mentioned above that Carroll (1999) argued that Bowen should be viewed as the "Father of Corporate Social Responsibility" and that "the obligation of the businessman is to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society", However, the researcher

argues that some of the main reasons for the social unrest taking place recently in many countries across the Middle East, including some countries adjacent to Saudi Arabia, could be related to ignoring the high social demands on the relevant societies by large companies and directly related to their CSR policies and their corporate strategies failing to respond to the social obligations and needs. Therefore, it can be concluded that the introduction of the proposed Saudi national CSR strategy could overcome such problems in the future and enable the Saudi companies to be socially ready for CSR implementations on a strategic level.

The debate indicates some benefits. The same argument has legitimacy today since ignoring the official call for Saudi companies to engage in the social national development sustainability and to meet the social responsibility of their community's obligations could foster a devastating social force in the future. Therefore, it is crucial for the Saudi firms to engage positively in the proposed Saudi national CSR strategy and this notion forms an important professional recommendation of this research. Unfortunately, the notion of the Saudi national CSR strategy does not exist within the Saudi environment at the current time.

In the *Harvard Business Review* it was stated that “the business obligations are to conduct the affairs of the enterprise and to maintain an equitable and workable balance among the claims of the various directly interested groups, a harmonious balance among stockholders, employees, customers, and the public at large”. Likewise, Frederick (2006), Carroll (1999: 269-70), and Carroll and Shabana, (2010: 86) highlighted the concept of business obligations. This serves social and national development in Saudi Arabia.

Consequently, Howard is still the father of social responsibility, even today from the Saudi CSR perspective and interpretation. This is because in addition to what has been explained above regarding this notion, the Saudi businessmen value the importance of social responsibility for the future of the businesses, as it can enable them to meet the Saudi social obligations and the Saudi national economic expectations.

To sum up this section, the main characteristic of the 1950s is the Western CSR that corresponds to the current day Saudi Arabian CSR. Arguably, the 1950s CSR model is valid within Saudi Arabia with some required adaptations, as explained earlier, that makes the Saudi CSR endogenous. These adaptations could be accounted for in terms of the concept of Islamic philanthropy, Saudi corporate citizenship, social obligation, national social

developments, and the economic development of the country. The responsibility of the managers within this model is that of guardianship according to the Islamic literature, norms and Saudi social obligations.

One can argue that the Saudi managers are faced with bigger challenges concerning discharging their CSR obligations beyond the boundaries mentioned above. The challenges are related to the manner and magnitude whereby CSR projects can be supported with limited resources available due to the financial corporate resources/constraints. They are forced to balance corporate development with corporate philanthropy. Saudi society considers Saudi managers as principal members and gives them huge responsibilities to be the guardians of their societies.

### **3.3.2 Western CSR in the 1960s**

The interest in CSR grew during the 1960s due to the influence of the social movements such as civil rights, environmentalism, and feminism (Carroll and Shabana 2010: 87). Davis (1960: 70) argued that social responsibility referred to “businessmen’s decisions” and that actions are “taken for reasons, at least, partially beyond the firm’s direct economic or technical interest”. Finally, this view is supported by Frederick et al. (1960: 60), who observed that “businesses’ resources should also be used for broad social goals”. They posited that “social responsibility urges corporations to assume certain responsibilities to society which extend beyond their economic and legal obligations”. Carroll (1999) points to a series of attempts to define and understand CSR in the 1960s. The most important of these is that of Davis, (1960) “who introduced the idea that social responsibility might be justified with respect to its economic returns to the company” and who also outlined his now-famous Iron Law of Responsibility which held that “social responsibilities of businessmen need to be commensurate with their social power” (Carroll 1999: 271).

Davis (1960) offered the following account of CSR: Businessmen apply social responsibility when they contemplate the needs and interests of others who may be affected by the business actions. In so doing, they look beyond their firm’s narrow economic and technical interests.

#### **3.3.2.1 Western 1960s Saudi CSR Implications**

Blomstrom (1966, as cited in Carroll, 1999: 272) pointed out that the same argument can apply to businessmen who sometimes have a prominent social status within Saudi society that obliges them to incorporate CSR within the company as part of their contribution to society.

This also fulfils their tribal commitments to the society, stakeholder expectations, and Saudi national society expectations. Consequently, it might be argued that this is a true statement of some Saudi managers' intention to utilize CSR within their organization, i.e., their public image of gaining governmental approval and bidding for additional projects offered by the government, thus enhancing company profitability and sustainability in the future when acquiring new projects as a result of their CSR implementation.

Hence, this study argues that some Saudi corporations utilize CSR to improve their public image and consequently their social status in the eyes of their stakeholders, including close society members where they operate. Equally, under some circumstances, the Saudi listed companies embrace CSR policy in order to enhance sales and consequently gain an economic return and a surge in profitability and share pricing for their companies.

In today's volatile Middle Eastern political environment, one can argue that the relationship between an organization's activities and society's social, economic, and national requirements and expectations is crucial for future sustainability. This notion can be explained by the related CSR principle in Davis's argument (1967) that emphasized that social responsibility in the context of business goes beyond interpersonal relations; it must be considered in terms of an institution and its relationship to the whole society (Carroll 1999: 272) together with other factors stated above. The whole society in Saudi Arabia is in charge of the social national development obligations, national economic development, and good corporate citizenship.

It is necessary to ascertain that the above Saudi CSR endogenous characteristics are in line with the CSR conceptual framework for the 1960s. They are included in the CSR definitions by Frederick (1960), McGuire (1963), and Walton (1967). Carroll (1999) pointed out that the common thread combining these definitions is the basic idea stated by Davis (1960) that social responsibility extends beyond the immediate economic interests of a business.

However, Walton (1967) suggests that social responsibility may entail costs that do not bring the company any economic return. Some Saudi companies have been debating this CSR concept, the CSR additional costs, and the issue of cost duplication to Zakat, which has been referred to before. Some Saudi managers are either reluctant to implement CSR, or dubious about it, for the above reasons.

Some other crucial CSR ideas are introduced at this time; they support further the notion of Saudi CSR, of promoting CSR beyond their business objectives and core business activities endogenously and uniquely. McGuire (1963) specifies the need for social responsibility to extend beyond economic and legal necessity, while Walton (1967) describes CSR as the relationship between the corporation and society and introduces three important elements of CSR: a need for “voluntarism, as opposed to coercion, indicating the indirect linkage with other voluntary specialist CSR organizations and lastly willingness to incur unrecoverable costs”. Consequently, voluntarism and linkage to specialized CSR Saudi organization were among the major recommendations of the CSR summit held in Jeddah in 2012. It emphasized those principles and encouraged Saudi organizations to join forces with external CSR non-profit organizations for the promotion of their CSR projects. Therefore, this notion can be considered as a major characteristic of Saudi CSR endogenous individualities; thus, many Saudi companies are embracing CSR today in a strategic alliance with organizations specializing in CSR Saudi unique social obligation projects.

In the 1960s, similar arguments can be raised; they are related to the status of interpretation and CSR practice in Saudi society in recent times. For example, the participation of women in the Saudi work force is a social obligation issue that has been developed by social advocates, including the late King of Saudi Arabia, Abdullah bin Abdulaziz, and others such as HRH Alwaleed Bin Talal bin Abdulaziz. They endeavoured to incorporate Saudi women in the work force, preparing them to make their positive contribution to the Kingdom’s social, national, and economic development. They also sought to change the inherited traditional and cultural views that prevent Saudi women from sharing an equivalent proportion of responsibility in the Saudi national economic development compared to Saudi men and to grant them the freedom that enables them to work easily and be a productive part of society.

The late King himself led the movement of social reforms for the participation of women for the first time, and more than fifteen women were appointed to the Consultative Shura Council, the highest consultative community board in the country. Hence, women’s participation, empowerment, training, and employment are part of the Saudi CSR endogenous characteristics. There is some evidence that the Saudi women’s empowerment is yielding many positive outcomes. There are Saudi women holding high managerial positions

in both the public and private sectors of the Saudi work force, e.g., the Ministry of Education, along with other prominent positions that are being given to women for the first time. Another example is the social reform of sections of the national Saudi services for women who want to join the Saudi work force, besides encouraging Saudi companies and private sector organizations to develop special training programmes that cater for women, and to provide working facilities that enable them to become part of the Saudi workforce. Similar programmes are incorporated within the CSR perspective; they aim to meet social and national economic developments and obligations.

The CSR literature extended considerably during the 1960s, and focused on what social responsibility really meant and on its significance to business and society (Carroll 1999: 87). CSR interpretation by Saudi managers and participants seems confusing to them and their companies when they are faced with direct social responsibility demands. Hence, sometimes Saudi corporations are stretched well beyond their financial capabilities, although large Saudi corporations are more daring about venturing into unknown territories and participating in highly valued social projects in the country; for example, when a new minister of labour asks Saudi companies to cater for those Saudi nationals with special needs, to include them in their work force, and to accommodate them within the organizations. Some Saudi companies and managers cannot fully appreciate or understand why they should incur extra financial costs for facilitating such requests, what the CSR concepts behind such requests are, and how they can benefit from CSR. In fact, they will often consider it as part of their philanthropic or charitable donation activities.

Equally, some other Saudi companies see those types of requested social obligations as part of their duties to Saudi society and its social and national economic development. Others believe that the CSR activities are an extension of their Islamic philanthropic activities, conforming to their Islamic duties and responsibilities to society.

Hence, the study ascertains that there are many CSR misconceptualization and discrepancies among the Saudi managers and their companies, which causes the unique Saudi CSR endogenous characteristics foundations and formulations.

Examination of the Saudi CSR debate in the light of the 1960s' CSR definitions and debate shows that there are related applications and similarities within the unique Saudi CSR model characteristics.

Hence, Davis's 1990 CSR notion aligns to the Saudi CSR unique character of corporate citizenship, where the uniqueness stems from the fact that Saudi businesses contribute to their society in compliance with their own Islamic beliefs and national obligations; they express their social responsibility to their society through anticipation and appreciation of its social needs.

Frederick (1960), McGuire (1963), Walton (1967), and Carroll (1999) pointed out that the common thread combining these definitions is the basic idea stated by Davis (1960). In Saudi Arabia, it is concerned in essence with the Saudi CSR endogenous characteristics discussed above.

### **3.3.3 Western CSR in the 1970s and the 1980s**

Concerning CSR, the 1980s produced fewer new definitions of the concept, but there was more empirical research that also illustrated the rise and popularity of alternative themes. These CSR variants included corporate public policy, business ethics, and stakeholder theory/management as well as further developments in CSP, which arrived on the scene in the 1970s (Carroll 1999: 285–289).

Manne and Wallich (1972) observe that a socially responsible corporate action must also meet three criteria to qualify: having marginal return, being purely voluntary, and oriented toward individual largesse. This can still partially support current Saudi CSR initiatives. Therefore, CSR definitions and conceptual development during the 1970s were in essence merely an extension of what was discussed in the 1960s' debate. Generally, there is an alignment between the 1970s' CSR generic concepts and current Saudi CSR concepts.

The most important CSR model development was introduced by Carroll's CSR in 1979. Carroll's taxonomy of four domains – economic, legal, ethical, and discretionary or philanthropic responsibility – represented a more nuanced approach. According to this, a firm has an economic obligation to function efficiently and profitably while maximizing the value for stakeholders. It should manage this while conforming to the regulations and avoiding damaging civil litigation, as well as acting in accordance with the societal, business, and industry ethical norms and expectations or prescribed codes of conduct.



As for the 1980s, Frederick (2008) termed them the beginning of the ‘corporate/business ethics’ stage, wherein the focus was placed on fostering ethical corporate cultures. Research seeking to link CSR with corporate financial performance exploded during this decade, and the search for a tighter coupling with firms’ financial performance became the order of the day (Lee, 2008: 58). One could well argue that the search for the business case for CSR began in this decade, especially for academic researchers (Carroll and Shabana, 2010: 28). Carroll (1999) observed that “the focus on developing new or refined definitions of CSR gave way to research on CSR and to the splintering of writings into alternative concepts and themes such as corporate social responsiveness, CSP, public policy, business ethics, and stakeholder theory/management, just to mention a few, in the 1980s” (p. 284).

Jones (1980) retained a voluntarism conception of CSR while stressing its continued lack of a clear definition. He suggested that “Preston and Post’s concept of ‘public responsibility’ did not go far enough toward providing clarity”. Jones’ own response to this problem was to consider CSR as a process of decision-making rather than a set of defined outcomes (Carroll 1999: 284–285).

Drucker first wrote about CSR in 1954. It is interesting that in 1984 he proposed a “new meaning” for CSR. However, it appeared that he had only been reading definitions of CSR that excluded the importance of business making a profit because he presented as ‘new’ the idea that profitability and responsibility were compatible notions whereas this point was explicit in a number of earlier definitions and was implicit in several others as well. Perhaps what was new in Drucker’s perspective was not simply the compatibility of profitability and responsibility but the idea that a business ought to “convert” its social responsibilities into business opportunities. Drucker (1984: 62) made this point clear: “the proper ‘social responsibility’ of business is to tame the dragon that is to turn a social problem into an economic opportunity and economic benefit, into a productive capacity, into human competence, into well-paid jobs, and into wealth”.

The 1980s included the era of CSR categorization where another empirical study that attempted to understand the relationship between CSR and profitability was published by Aupperle et al. (1985: 457). What was unique about this particular research study was that it was one of the first to use a definitional construct of CSR from the theoretical literature as its measure of CSR. The authors operationalized the four-part definition of CSR proposed earlier

and sought the opinions of a sample of executives. The study confirmed the priorities of the four components in the following sequence: economic, legal, ethical, and discretionary. In a later part of the study, the four definitional components were partitioned: the economic, labelled as a “concern for economic performance” (on the part of the firm), was separated from the legal, ethical and discretionary, which in turn were labelled as “concern for society” (on the part of the firm). In essence, not everyone sees economic responsibility as a part of social responsibility but rather one may consider it as something business firms do for themselves; thus, “the social orientation of an organization can be appropriately assessed through the importance it places on the three non-economic components compared to the economic” (p. 458).

An excellent example of the pursuit of CSR in the 1980s was the increased acceptance of the concept of CSP as a more wide-ranging theory under which CSR might be sorted out or incorporated. Earlier references to CSP had been made in the 1970s (e.g., Carroll, 1977, 1979; Preston, 1978; Sethi, 1975), but the idea of a CSP model continued to be stimulating. Thus, Wartick and Cochran (1985: 758) presented their “evolution of the corporate social performance model”, which expanded the three-dimensional integration of responsibility, responsiveness, and social issues (Carroll, 1979) previously introduced. One of the major contributions of these two authors was recasting the proposed three aspects – corporate social responsibilities, corporate social responsiveness, and social issues – into a framework of principles, processes, and policies. They argued that the CSR definition embraced the ethical components of social responsibility and that the components should be thought of as principles; besides, social responsiveness should be thought of as a process, and a social issue and management should be thought of as a policy (p. 767).

Epstein (1987: 104) provided a definition of CSR as part of his quest to relate social responsibility, responsiveness, and business ethics. He pointed out that these three concepts dealt with closely related, even overlapping, themes and concerns. He defined CSR as corporate social responsibility relating principally to achieving outcomes from organizational decisions concerning specific issues or problems which (by some normative standard) have beneficial rather than adverse effects on pertinent corporate stakeholders.

For Epstein (1987), the normative correctness of the products of corporate action has been the main focus of CSR (p. 104). He also defined corporate social responsiveness and business ethics and brought them together into what he called the “corporate social policy process”. He added that “the crux of the corporate social policy process is the institutionalization of the following three elements within the business organizations: business ethics, corporate social responsibility and corporate social responsiveness” (p. 106).

### **3.3.3.1 Western 1970s and 1980s Saudi CSR Implications**

This section has revealed the importance of the notion of business ethics, which is replaced in Saudi Arabia by the Islamic philanthropy and Islamic ethics of the business. Islam has spread across Saudi society and its business communities. Both are equally governed by Islamic ethics, which urge individuals to be highly responsive to the needs of their societies. It involves the role of Saudi rulers in encouraging Saudi business communities to be responsive to their societies’ development needs by embracing CSR practices in their organizations.

However, from a Saudi perspective, more analysis of Carroll’s 1979 CSR model is needed to examine the suitability of the model to analyse the Saudi CSR model and establish the main categorizations of the Saudi CSR.

According to Carroll (1983: 604), CSR is composed of four parts: economic, legal, ethical and voluntary or philanthropic. It should be noted that statement reoriented the discretionary component as involving voluntarism and/or philanthropy, because this seemed to be the arena from which the best examples of discretionary activities can be drawn. Within the Saudi perspective, voluntarism and philanthropy form part of the current Saudi CSR endogenous characteristics.

The current research examines and debates these notions in detail to establish whether voluntarism is sufficient for Saudi companies to embrace CSR initiatives, or whether the in-house CSR strategy is aligned to the corporations’ business strategies. It also investigates whether developing the firms’ capabilities is a better alternative for more compressive implementation of CSR projects related to Saudi society’s social obligations, with the aim of achieving the objective of being good corporate citizens in Saudi Arabia. Within the Saudi perspective, the study argues that the concept of philanthropy is replaced by Islamic philanthropy which constitutes a big portion of the Saudi CSR activities, as can be seen from the evidence provided in the following sections.

The state of transformation of some CSR-reluctant Saudi companies is similar to Drucker changing his views from his original position in 1954. Having written earlier on CSR, it is interesting that in 1984 Drucker proposed a “new meaning” for CSR.

In comparison to the 1980 CSR generic definition, Saudi companies currently are increasingly faced with the huge social demands represented by Saudi society’s social obligations and national expectations, which cause them to stretch their financial resources beyond their funding capability. Consequently, this notion is creating adverse limitations and is slowing down the speed of Saudi CSR implementation within those Saudi companies. Equally, appreciation, interpretation, and application of the adopted CSR concepts accommodating the above-mentioned social demands can contribute to the Saudi CSR unique characteristics and the notion of conceptualization or categorization of the Saudi CSR model, as will be explained in the next sections of this chapter. Hence, Aupperle et al. (1985: 457) argue that this CSR categorization is often used as a traditional tool for explaining the nature of CSR found in many countries.

### **3.3.4 Western Corporate Social Responsibility in the 1990s and 2000s**

The quest for the ‘business case of CSR’ continued in the 1990s, and accelerated in terms of its global outreach. The 1990s and 2000s became the era of global corporate citizenship (Frederick, 2008). The early 2000s were preoccupied with the Enron era of scandals, and these headlined the news until 2008, when the era of Wall Street financial scandals began wreaking chaos all over the globe. The effects will most likely be with us for some time (Carroll and Shabana, 2010: 88). Beside this, defiantly, global corporate citizenship has spread across Saudi companies due to the nature of global interaction and business activities. Saudi firms are following all the international regulatory standards issued by the International Organization for Standardization (ISO), including the social responsibility guidelines, ISO26000.

However, very few exceptional contributions to the definition of CSR were made in the 1990s. The CSR concept served as the prime point, the building block, or point of departure for other interrelated concepts and themes, many of which incorporated CSR thinking and were quite harmonious with it. CSR, stakeholder theory, business ethics theory, and corporate citizenship were the central themes in the 1990s and 2000s, and even today. These themes are

explored in depth because they fall within the realm of the present scope of the study that focuses on CSR definitions and their derivatives. Each of these thematic frameworks has its own relevant literature (Carroll 1999: 288).

Carroll explains that the three-domain of his CSR model became principles, processes, and policies under the Wartick and Cochran (1985) formulation. Wood (1991) reformulated these into three principles. First, she stated the principle of CSR that took Carroll's four domains (economic, legal, ethical, and discretionary) and identified how they related to the CSR principles of social legitimacy (institutional level), public responsibility (organizational level), and managerial discretion (individual level). Second, she identified the processes of corporate social responsiveness, which went beyond Carroll's articulation of responsiveness categories (reactive, defensive, accommodative, proactive) that Wartick and Cochran (1985) had formulated as policies, and she highlighted such processes as environmental assessment, stakeholder management, and issues management (Cochran 1985: 694). Third, she took Wartick and Cochran's (1985) policies, which were their elaboration of Carroll's "social issues" category, and reorganized them under a new topic of concern, outcomes of corporate behaviour. In summary, Wood's (1991) model was much more comprehensive than the earlier versions of Carroll (1979) and Wartick and Cochran (1985), and it introduced matters that were consistent with the earlier models but that the earlier models had not explicitly addressed. Like the two earlier models, Wood (1991) placed CSR into a broader context than just a stand-alone definition. An important emphasis in her model was on outcomes or performance.

Wood (1991) believed, however, that business and society are not mutually exclusive. The two are interwoven and cannot be separated from each other and so CSR should be used as a vehicle for providing social services such as housing, roads, education, and health, among others.

Although outcomes or performance were implicit in the earlier models, Wood made this point more explicit, and this was a meaningful contribution. In 1991, Carroll revisited the four-part CSR definition. At this time, reference was made to the discretionary component as philanthropic, suggesting that it embraced "corporate citizenship". For CSR to be accepted by the conscientious business person, it should be framed in such a way that the entire range of

business responsibilities is embraced. It is suggested here that four kinds of social responsibilities constitute the total CSR: economic, legal, ethical, and philanthropic.

Furthermore, these four categories or components of CSR might be depicted as a pyramid. To be sure, all these kinds of responsibilities have always existed to some extent, but it has only been in recent years that ethical and philanthropic functions have taken a significant place (Carroll, 1991: 40). The Pyramid of CSR depicted the economic category as the base (the foundation upon which all others rest), and then it was built upward through the legal, ethical, and philanthropic categories (Carroll, 1991: 42–43). The researcher makes it clear that business should not fulfil these in a sequential fashion but that each is to be fulfilled at all times. It also should be observed that the pyramid was more of a graphical depiction of CSR than an attempt to add new meaning to the four-part definition. Stated in more pragmatic and managerial terms, “the CSR firm should strive to make a profit, obey the law, be ethical, and be a good corporate citizen” (Carroll, 1991: 43).

In this same article, Carroll (1991: 43) provided a segue from CSR to stakeholder theory/management by observing “a natural fit between the idea of corporate social responsibility and an organization’s stakeholders”. Arguing that the term “social” in CSR has been seen somehow as vague and lacking in specificity about whom the corporation is responsible to, the researcher considers that the stakeholder concept, popularized by Freeman (1984), personalizes social responsibilities by delineating the business of the specific groups or persons. It should be considered in its CSR orientation and activities. Thus, the stakeholder nomenclature puts “names and faces” Freeman (1984) on the societal members or groups who are most important to business and to whom it must be responsive.

According to Swanson (1995), the three themes, or theories, related to CSR that captured the most attention in the 1990s were CSP, business ethics, and stakeholder theory. When approaching the millennium, there was renewed interest in the concept of corporate citizenship. Whether this turns out to be a distinct area of study or simply another way of articulating or framing some of these other concerns remains to be seen. Corporate citizenship may be broadly or narrowly conceived depending on which way it is defined; the notion seems to overlap more or less with the previously mentioned themes or theories. Each of these themes or topics has its own extensive literature; however, it is beyond the scope of this study to provide a summary for each of these areas of research. (Carroll 1999: 290)

Closing out the 1990s and looking ahead to 2000s, one expected that attention would be increasingly given to measurement initiatives as well as theoretical developments.

For these concepts to develop further, empirical research is doubtless needed so that practice may be reconciled with theory. The CSR concept will remain as an essential part of business language and practice, because it is a vital one underpinning many other theories and it is continually consistent with what the public expects of the business community today. As theory is developed and research is conducted, scholars may revise and adapt existing definitions of CSR or new definitions may come into the literature. However, at the present time it is hard to imagine that these new concepts could develop apart and distinct from the groundwork that has been established over the past half century. It is more likely that we will see new realms in which to think about businesses' responsibilities to their stakeholder society, particularly at the global level, and in new and emerging technologies, fields, and commercial applications. In this context, it appears that the CSR concept has a bright future because at its core it addresses and captures the most important business components.

Wood (1991) suggests that business and society are not mutually exclusive. This is closely related to Saudi CSR affairs; it expresses a true statement of the notion of the close interaction and interlinks between Saudi CSR and society. The Saudi endogenous character means that Saudi firms are not expected or legally bound to provide such interaction and care, but they are encouraged by their stakeholders to engage in the social development of the Saudi people and the future economic development of the country by being good corporate citizens.

Traditional academic CSR research used Carroll's (1999) CSR model as a basis for CSR interpretations across the globe. It is pertinent to point out that Carroll continued to alter and adapt his model to keep it popular among academics and CSR researchers; hence, the debate centred on the suitability of Carroll's model for analysing the unique Saudi CSR endogenous characteristics. This thesis utilizes Carroll's CSR model as the basis for analysing the Saudi CSR conceptual model since it primarily contained not only the ability to analyse all Western and international CSR notions but also the possibility of accommodating the unique Saudi CSR additional features. The debate on Carroll's CSR model and its suitability for analysing Saudi CSR models is explored in detail in chapter 3 part III.

### 3.4 Western Corporate Social Responsibility – Conclusion

The conclusion about CSR historical developments during the 1950s to the 2000s and the relationship to the Saudi CSR perspective is as follows: it has been established that Saudi CSR is in alignment with the previously mentioned debate, as indicated in each section. The viewpoints are related to the old CSR concepts and some to the new ones; they range from the 1950s to the present day. The majority of the Saudi CSR characteristics tend to be within the early era of CSR theories and concepts, and the researcher argues that they have developed into unique Saudi CSR endogenous characteristics.

CSR has become vital in modern business dialogue; however, defining CSR is still challenging. Providing a clear definition for CSR is somehow difficult for theoretical and empirical analysis, particularly concerning the verification of diverse consistent applications of the concept. However, it seems impracticable that the diversity of issues touched upon under CSR would lead to a singular universal definition (Okoye, 2009). Antal et al. (2002) isolated three significant developments in social reporting that have been achieved recently.

Many initiatives by international organizations encouraged socially responsible behaviour and social reporting, among which is, for example, the Green Paper presented by the European Commission (2001) on accountability and sustainability, including the introduction of ISO26000 during 2010. The GRI in combination with the ISO26000 guideline is certainly one important implication and development of social reporting.

The introduction of the comprehensive ‘triple bottom line<sup>20</sup>’ concept increases the unity of business and societal interests (Rubinstein (1998). An application of this technique could be the use of sustainability reporting, which is based on the Three Ps: Plant, People, and Profit. Finally, the institutional fund managers realized that socially irresponsible behaviour inevitably results in a loss of reputation and consequently increases the risk to their investments. This has led to the creation of new guidelines for socially responsible

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<sup>20</sup> Triple bottom line (TBL) accounting expands the traditional reporting framework to take into account social and environmental performance in addition to financial performance. In 1981, Freer Spreckley first articulated the triple bottom line in a publication called 'Social Audit

The phrase "triple bottom line" was articulated more fully by John Elkington in his 1997 book *Cannibals with Forks: the Triple Bottom Line of 21st Century Business*.<sup>[1][8]</sup> A Triple Bottom Line Investing group advocating and publicizing these principles was founded in 1998 by [Robert J. Rubinstein](#).



investment (SRI) reinforced by risk management requirements as well as proposed changes to the company law.

Sustainability reporting can be explained by legitimacy theory (Gray et al., 1995). It assumes an implicit contract between companies and society. By reporting on economic, social, and environmental issues, a company can demonstrate that it fulfils its part of the contract and that its activities coincide with the value systems of society. This can prevent or mitigate future regulatory requirements that would constrain the strategic options of the company.

Thus, the company can maintain its status and reputation in society. Instrumental stakeholder theory regards sustainability reporting as a means to address the demands of a company's stakeholders (Solomon and Lewis, 2002). Following agency theory, voluntary disclosures on economic, social, and environmental issues can decrease the information asymmetry between management and stakeholders of a company and therefore reduce agency costs (Ness and Mirza, 1991). These disclosures can avoid future legislation.

The above section and debate focus on the appropriate CSR principles from the 1950s to the present day as related to the current Saudi CSR endogenous characteristics. The next section examines the CSR generic concept and explains some of the CSR major concepts and principles relevant to the conceptualization of the Saudi CSR model.

This seems confusing and could clash with a society governed by Islamic teaching. While adhering to Islamic ethics and values, they are primarily principles enforced by self-generated regulations and they reflect the norm for both Saudi companies and their Islamic governed communities. Therefore, for the Saudis, the CSR adopted definition in this respect could be 'a continuation and extension of implementing Islamic values and community principles within both their business objectives and the CSR projects they are engaging in to serve their communities' (the researcher's own definition).

This research indicates that although Saudi companies appear to be concerned with the social issues of their communities, they are still somehow ignorant of the notion and they adhere to Friedman's principles. The reasons are related to what has been debated above concerning misinterpretation or misunderstanding, lack of appreciation of the importance of CSR

concepts, and their objection to the duplication of financial costs of Zakat and the impact on the organization's profitability.

In spite of Levitt's (1958) warnings, CSR grew in popularity and took shape during the 1960s, driven largely by the social movements that defined the times, especially in the US, and by the forward-thinking academics who were attempting to articulate what CSR really meant and implied for business (Carroll and Shabana, 2010: 86–87). The high demands of CSR in the Middle East are to be incorporated into corporate strategies, thus avoiding the dangers of the social unrest that was seen recently across the Middle Eastern countries, including some countries adjacent to Saudi Arabia.

The most important of these is that of Davis (1960), "who introduced the idea that social responsibility might be justified with respect to its economic returns to the company". He also outlined his now-famous Iron Law of Responsibility, which held that "social responsibilities of businessmen need to be commensurate with their social power" (Carroll 1999: 271). This power is given to them by Saudi society and officials and this notion relates to and expresses the Saudi CSR unique character of corporate citizenship, where the uniqueness stems from the way Saudi businesses contribute to their society in combination with their own Islamic beliefs and national obligations, and how they express their social responsibility to their society through anticipation and appreciation of their social needs.

It can be ascertained that the above Saudi CSR endogenous characteristics are in line with the CSR conceptual framework developed during the 1960s, and included in CSR definitions by Frederick (1960), McGuire (1963), and Walton (1967) cited by Carroll (1999). The common thread combining these definitions is the basic idea stated by Davis (1960) that social responsibility extends beyond the immediate economic interests of a business, and in Saudi Arabia it should be concerned in essence with the Saudi CSR endogenous characteristics discussed above.

Some other crucial CSR ideas are introduced in this period; they support the notion of Saudi CSR promoting CSR beyond business objectives and core business activities in endogenous unique ways. McGuire (1963) specifies the need for social responsibility to extend beyond economic and legal necessity, while Walton (1967) describes CSR as the relationship between the corporation and society. He introduces three important elements of CSR: a need

for “voluntarism, as opposed to coercion, indicating the indirect linkage with other voluntary specialist CSR organizations and lastly willingness to incur unrecoverable costs”.

However, within the Saudi perspective voluntarism and philanthropy form part of the current Saudi CSR endogenous characteristics. The research examines and debates these notions in detail to establish whether voluntarism is sufficient for Saudi companies to embrace CSR initiatives, or if an in-house CSR strategy aligned to the corporation’s business strategy to develop the firm’s capability is a better alternative for a more compressive implementation of CSR projects relating to Saudi society’s social obligations and for achieving the objective of being good corporate citizens within Saudi Arabia.

The next section introduces the academic debate on Western CSR generic concepts and principles, thus focusing on those that are relevant for application within the Saudi CSR conceptual model.

### **3.5 Western Corporate Social Responsibility Generic Concepts**

This section provides an overview of the generic concepts and a conceptual analysis of the main CSR concepts, thus highlighting the recent developments in the relevant concepts that contribute to the formulation of the research conceptual model. This will include an exploration of a selection of relevant generic CSR topics such as stakeholder theory, stakeholder expectation, corporate citizenship, accountability, competitiveness, corporate strategy, philanthropy, sustainability, and transparency. It also includes social reporting that includes international CSR implications concerning the Saudi CSR model, focusing on ISO26000 and the GRIs.

#### **3.5.1 Stakeholder Theory**

The stakeholder research tradition began to unfold in the wake of Freeman’s seminal book, *Strategic Management, a Stakeholders Approach*, which was published in 1984. As a first step toward effective dialogues, stakeholders need to be recognized by companies. In other words, companies have to know who their stakeholders are in order to deal with them. Freeman (1984), as noted previously, suggests that stakeholders include any group or individual who can affect the achievement of an organization’s purpose or can be affected by it.

The idea of stakeholder theory was first postulated by Johnson (1971) in his definition of CSR, whereby he conceives a socially responsible firm as being one that balances a multiplicity of interests. For instance, while striving for larger profits for its stockholders, it also takes into account the employees, suppliers, dealers, local communities, and the nation. Contrary to the proponents of the agency theory, Freeman (1984) posits that managers bear a fiduciary relationship to stakeholders, whom he defines as groups or individuals who can affect or are affected by the achievement of the organization's objectives, such as stockholders, suppliers, employees, customers, and/or the local community. Donaldson and Preston (1995: 65) view stakeholders as having legitimate interests in the procedural and/or substantive aspects of a corporate activity, and those interests must be considered on their own merits. Post et al. (2002: 8) contributed to the understanding of stakeholder theory with their definition of a firm's stakeholders as individuals and constituencies that contribute either voluntarily or involuntarily to wealth-creating capacity and activities, and who are therefore its potential beneficiaries and/or risk bearers. The implication for Saudi CSR is that in wealth-creating by Saudi firms, the financial growth is related directly to the stakeholders' expectations with regard to social development and national economic contributions. This also relates to the degree of social interaction between Saudi firms and Saudi society, where higher demand for such social inputs is anticipated.

Research on stakeholder theory has generally focused on three areas: instrumental, normative, and descriptive. These areas overlap and it is sometimes difficult to delineate them. The instrumental stakeholder sees the firm pursuing its interests by managing its relationship with other stakeholder groups. A normative stakeholder follows the moral duties of the firm's management toward its stakeholders, whereas a descriptive stakeholder explains the actual behaviour of the managers, firms, and stakeholders.

While stakeholder theory, as developed by Freeman (1984), was instrumental in orientation, further work carried out by Evan and Freeman (1993) among others attempted to modify the theory to reflect the normative orientation. The instrumental orientation sees business as managing the relationship with its stakeholders in order to improve the bottom line. Scholars who have looked at the theories and definitions of CSR have, for this reason, grouped the stakeholder approaches to CSR under instrumental theories.

Following Freeman's (1994) declaration that the normative core of ethical responsibility is required in order to point out to corporations how they should be governed and to clarify the behaviour of their managers, a number of scholars have revisited stakeholder theory to reflect on the different ethical theories, such as those of deontology, utilitarianism, virtue ethics, Rawlsian principles, Kantian ethical theory, and doctrine of fair contract. The central argument of the normative approach to stakeholder theory is that the stakeholder interests should be recognized not only for instrumental or strategic purposes, but also for moral obligations. Inspection of the Saudi CSR debate concludes that stakeholder theory with its older concepts (1984) and instrumental orientations (1993) is strongly related to the affairs of Saudi firms. However, as discussed before, Saudi CSR is deeply rooted and it stems from the Islamic ethical principles for company activities, its leadership, and even influential stakeholders.

According to Gray (2001), a stakeholder of an organization is anyone who can influence or is influenced by the organization. That includes virtually everybody, and all stakeholders have some form of rights. A basis for stakeholder theory is that organizations are so big and their impact on society so pervasive that they should discharge accountability to many more sectors of society than solely to their shareholders (Solomon and Solomon, 2004). Organizations depend for their survival and long-term prosperity on society providing the resources, employees, raw material, infrastructure, and services that are vital for a business to convert inputs into profitable goods and services. This holds true for Saudi firms, and for the governmental body associations responsible for resource provisions. Saudi society's affairs are governed by local Islamic Shari'ah Law (Islamic law) and the Saudi government in all aspects controls them.

On the other hand, society (stakeholders) need to be sure that they will enjoy the benefits of their involvement without any negative impacts (Cannon, 1994). Consequently, not only are managers accountable to shareholders, but also the business as a whole is accountable to its environment, consumers, suppliers, employees, government, and all other stakeholders (Freeman, 1984), besides the social obligations, economic national development, and the national CSR strategy objectives.

Saudi CSR advocates the notion of establishing good relationships between the business and its stakeholders since they are essential for modern business and society. Proponents of CSR,

including Michael Porter, Henry Mintzberg and Dave Packard, see CSR as the very essence of a civilized society at the centre of business strategy (Tyrrell, 2006) This supports the notion of Saudi CSR being at the centre of social development and the importance of an alliance between the national CSR strategy and firms' core business strategies for achieving sustainability and profitability for both the firms and their societies. The most extreme proponents of stakeholder theory go further and suggest that the environment, animal species, and future generations should be included as stakeholders (Solomon and Solomon, 2004).

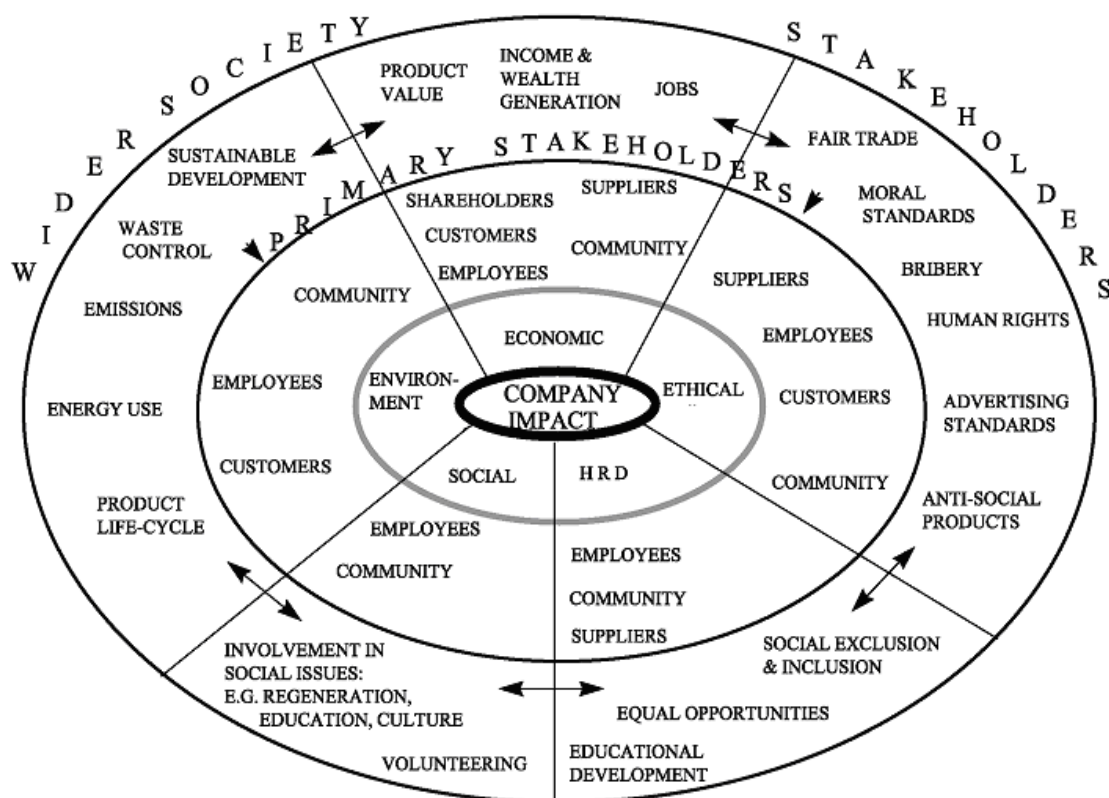


Figure 7: Company 'Ripple Effect' Stakeholder Theories. Source: Marsden and Andriof (2004) 'Towards an Understanding of Corporate Citizenship and How to Influence it.'

This representation of the impact of CSR utilizing good corporate citizenship shows that benefits spread outward in stages affecting those categories of primary stakeholders, stakeholders, and society at large. In essence, this concept represents a close description of what Saudi society's expectation of Saudi corporations is and its CSR agenda.

The advocates of CSR in theory and in practice recommend ‘giving back’ to society, in particular, those who have benefitted from the charter to operate within the society. The ‘giving back’ CSR notion as a social contribution and as good corporate citizenship, including Islamic philanthropy, forms the prime basis for Saudi CSR, as the study argues. The method may involve returning a portion of the profit, thus gaining from its ‘organizational externalities’. It is perceived as a business strategy to maximize profitability and efficiencies. This can be achieved through implementing effective safety, health, and educational programmes for both internal and external stakeholders, besides implementing the national competitiveness objectives. There are a number of ways that an organization can demonstrate its effectiveness through its policies and applications. Both profitability and growth, as well as social, economic, and environmental considerations, can be incorporated to benefit both the organization and society as a whole when a unified CSR national strategy is put in place, as suggested by the researcher and especially in Saudi Arabia.

Companies must, therefore, be encouraged to adopt CSR (Gray, 2002). This can be achieved in different ways; for example, vision and mission CSR alignment whereby vision and mission are adjusted according to the CSR objectives and goals of organization and external social obligation. Hence, it can be seen that the most common tools are corporate governance, which is an important application of stakeholder theory, and the Saudi national CSR strategy, which is one of the recommendations of this study for aligning Saudi firms’ CSR goals to national CSR objectives.

### **3.5.2 Stakeholder Expectations**

In terms of accountability, there are a number of CSR issues that counter the Saudi case as it has been developed. To a certain extent, it is true to argue that the CSR interpretation is directly related to Saudi companies’ stakeholders where most believe that Saudi companies need to have close contact with their stakeholders. These views agree with Western principles, and according to the Institute of Social and Ethical Accountability (ISEA) stakeholder engagement is “the process of seeking stakeholders’ views on their relationship with an organization in a way that may realistically be expected to elicit them” (ISEA, 1999: 91).

ISEA, through its new AccountAbility Standard AA1000, is actively promoting the concept of stakeholder engagement as a fundamental part of business practices. For AA1000, the aims

of stakeholder engagement are to improve the social and ethical accountability and performance of any organization. Furthermore, AAI000 supports the development of true and equal dialogue between organizations and their stakeholders, which involves the stakeholders in defining the terms of their engagement. Hence, the engagement process needs to include “a public disclosure and feedback process that offers stakeholders information that is valuable in assessing the engagement” (ISEA, 1999: 64).

One of the issues that organizations face regarding the stakeholder engagement process is identifying their stakeholders. This process is very important since stakeholder engagement is developing within the small Saudi industrial section. Only in some public Saudi companies like Aramco and the Saudi Electricity Company is greater attention paid to the stakeholders, as the Saudi Electricity Company website clarified.

It is equally true to say that CSR stakeholder engagements are minute within the Saudi business community. The stakeholders’ participation in and influence over Saudi companies has been at a minimal level for the last few decades and this could be related to various factors, for example that most Saudi companies are established as family owned and as individual sole traders, and no shareholdings are found in many Saudi companies. With the birth of the Saudi stock market, the stakeholders’ impact is still largely very minimal; it is limited to annual general shareholding meetings.

Other stakeholders, such as customers, government bodies, employees, and social communities where the companies’ activities take place, have a very minimal role to play in impacting the corporate top leadership decisions. Most Saudi companies lack transparency and are governed by large Saudi capitalists that are in control of enhancing their wealth through close networking with those who maintain minimal transparency to the public and to the company’s stakeholders.

This includes in context all of the Saudi stock market. The fear of a stock market collapse enhances this phobia. Often stakeholders’ concerns are dealt with under the table and in a very quiet manner. Hence, the objective of the Saudi government is to create a real partnership with private sector companies and to ask them to positively participate in Saudi social and economic developments. In fact, many individuals and organizations protected the Saudi listed companies, along with the official media.



### **3.5.3 Corporate Citizenship**

Corporate citizenship is a term that is sometimes used synonymously with CSR, which has also taken on various meanings. However, it has at its root the notion of the corporation as a citizen in a society with rights and responsibilities (Andriof and McIntosh, 2001). Presently, three views of corporate citizenship can be identified (Matten and Crane, 2005). First, there exists a limited view which equates corporate citizenship with self-interested corporate social activity (Waddock, 2001; Wood and Lodgson, 2001). Second is an equivalent view which equates corporate citizenship with CSR (Carroll, 1998) and third is an extended conceptualization which defines corporate citizenship as describing the role of the corporation in administering citizenship rights for individuals (Matten and Crane, 2005; Matten et al., 2003; Okoye, 2009).

Carroll (1991) clarified that he revisited his four-part CSR definition; in fact, he was referring to the discretionary component as philanthropic and suggesting that it embraced “corporate citizenship”. He added that for CSR to be accepted by the conscientious business person, it should be framed in a way that it embraces the whole range of business responsibilities.

In the current research, it is suggested that four kinds of social responsibilities constitute total CSR: economic, legal, ethical, and philanthropic. Furthermore, these four components of CSR might be depicted as a pyramid. All these kinds of responsibilities have always existed to some extent, but it has only been in recent years that ethical and philanthropic functions have taken a significant place (Carroll, 1991: 40).

The Pyramid of CSR depicted the economic category as the base (the foundation upon which all others rest), and then built upward through the legal, ethical, and philanthropic categories (Carroll, 1991: 42). The researcher makes it clear that business should not fulfil these sequentially; rather each is to be fulfilled at all times. It should also be observed that the pyramid was a graphical depiction of CSR more than an attempt to add new meaning to the four-part definition. Stated in more pragmatic and managerial terms. It can be concluded that “the CSR firm should strive to make a profit, obey the law, be ethical, and be a good corporate citizen” (Carroll, 1991: 43).

### **3.5.4 Accountability**

Accountability is simply about identifying what one is responsible for and then providing information about that responsibility to those who have rights to that information (Gray et al., 1996). Each group of organization stakeholders should recognize its responsibility and then its accountability. This would improve business productivity; for an organization to achieve sustainable growth, the internal and external accountabilities should be clear and comprehensible (Sternberg, 1998).

Marsden and Andriof (2004) point out that corporate accountability can be understood as corporate control and that firms should be controlled by society rather than by shareholders alone. When the authors mention the “principle of neighbour of choice” or the “license to operate”, they acknowledge that society should have clear means for sanctioning corporate failure. These concepts reject the neoclassical vision of corporate accountability (i.e., that companies should be accountable only to shareholders, as they are the legitimate owners of the firm) (Valor, 2005).

According to Smith (2003), the stakeholder theory is based on the principle that companies need to consider the effects of their actions on all constituencies (e.g., shareholders, customers, employees, suppliers, the environment, and the community), even if profitability is reduced. Therefore, the accountability of firms will expand to encompass responsibility to any stakeholder. Accountability was initially introduced to Saudi organizations between 2007 and late 2009. The promotion of accountability concepts was carried out by both SAGIA and the King Khalid Foundation, as will be explained later. The Saudi Arabian Responsible Competitiveness Index (SARCI), as indicated earlier (in chapter 1 and 2), was introduced by SAGIA during 2010 in Saudi Arabia. It was based on the concept of utilizing CSR as an enhancer for the Saudi Arabia national competitive index on the global arena, but also of introducing CSR as a competitiveness and Total Quality Management TQM tool to Saudi Arabian companies. The following section explores the relationship between the concept of CSR and competitiveness.

### **3.5.5 Competitiveness and CSR**

In the real competitive working scenario, there is no such thing as customer creation or shareholder value until and unless the company considers the world issues and development. It is necessary to pay proper attention to the environmental issues and the hazards involved

because that will really help the company to generate potential clients while utilizing the same level of resources (Post et al., 2002).

One of the competitive advantages in the marketplace is improving cash flows and profitability. It can be argued that a company's good CSR reputation also has a positive influence on the company's bottom line performance and long-term financial performance. CSR is becoming an important part of the wealth development procedure, which, if operated properly, can improve the competitive edge of organizations and maximize the value of wealth development to the society in general.

CSR brings ample opportunities and benefits for businesses. It intends to improve the image of the company, to enhance the profitability of the organization, and to increase its value. Initiation of energy efficiency and waste reprocessing minimizes operational expense and promotes social wellbeing. CSR also seeks to boost the organization's accountability and its transparency among key stakeholders, the public, the media, and the local society (Dhaliwal et al., 2011: 60). This eventually improves the organization's status and image among shareholders, for example, the mutual fund that incorporates CSR within its stock portfolio. The outcome is a virtuous cycle where the organization's stock value rises and its access to investment funds is easy (Dhaliwal et al., 2011: 63).

The majority of clients consider that organizations should become ethically and socially responsible. These clients are drawn to those businesses that have an image of fulfilling corporate citizenship. It has been evident that the majority of clients are ready to pay more for products they consider to be ethically and socially responsible. The main pitfall of the CSR initiative is that its cost falls disproportionately on small-scale organizations. The leading firms have enough funds to allocate a sufficient budget to CSR reporting; however, this is not always the case for small organizations with a limited workforce. Small organizations can employ the media to communicate their CSR policies to target clients and to the society at large.

Some researchers suggest that positive social performance maximizes profits while meeting the demands of multiple stakeholders (McWilliams and Siegel, 2001). Others attempt to link social good and corporate profit (Aupperle et al., 1985). Firms that are socially responsible appear to benefit from their actions (Koys, 2001). There are definite benefits to the

environment, employees, and communities when organizations are socially responsible (Bhattacharya, 2001). Holiday et al. (2002) contend that firms cannot maximize returns unless they effectively and responsibly engage in CSR. By being socially responsible, firms can better compete by distinguishing themselves from other firms that do not support stakeholders other than stockholders and creditors (Jones, 1999).

This argument's extreme position is that, even if the activity is unproductive and unrelated to the organization's mission, it should be pursued. Another primary argument centres on the organization's resource accumulation and distribution. Due to size, social impact, and the reduced role of government, organizations have a greater role to play, attempting to fill a void (Sanchez, 2000). As organizations consume community resources, they are obligated to provide an exchange of resources, such as jobs, civic effort, and scholarships.

The organizations that fulfil these obligations and indicate a positive concern for society tend to experience improved levels of employee commitment, customer loyalty, and business performance (Koys, 2001). Considerable evidence suggests that the organizations can expect better results in employee relations, customer engagement, product marketing (Yu, 2003), and business improvement (Asmus, 2003) when they embrace CSR (Carroll, 2000). Proponents of social responsibility emphasize that the purpose of organizations is to serve larger societal stakeholders, not just shareholders exclusively (Holliday et al., 2002)

Profitability can be related to consumers' perceptions of the organization (Stump, 1999). Investors have begun to look at the profitability of organizations with high levels of CSR and they have developed the SRI investment models (Hutton et al., 1998). In the mid-1990s, the Social Venture Network and the Council on Economic Priorities estimated that approximately \$600 billion was invested in socially screened investments. This has been revised recently to suggest that more than \$1 trillion has been invested in social screens (Waddock and Graves, 2000). Hutton et al. (1998) discovered that there is no significant difference in return on investment (ROI) with respect to investing in a socially responsible firm; therefore, there is no fiscal disadvantage to investing in firms that are socially responsible.

The CSR research suggests that firms should be socially responsible, but it may support the assumption that socially responsible firms will be financially successful. Waddock and

Graves (2000) conducted research making use of the Kinder, Lydenberg, and Domini and Domini Social Fund social investing indices. Like Hutton et al. (1998), they conclude that there is no significant performance difference between traditional and socially screened investments; however, they also found that there seems to be no penalty for socially investing. Research measuring relationships between organizational effectiveness and corporate citizenship of the locations of a restaurant chain with more than 1,774 employees reported that organizational citizenship had an impact on profitability (Koys, 2001).

Poor social performance may lead to negative financial performance (Roman et al., 1999), as is the case with stock prices that fall after the announcement of a car manufacturer's failure to meet safety standards. CSR can affect the consumer's and the investor's decision-making. In approaching CSR, managers and investors should treat these decisions as they would any other investment decision and realize that utilizing social criteria has proven to be reasonably effective (Waddock and Graves, 2000). If a company can demonstrate that its social philanthropy or discretionary giving activities are making money for the company by marketing or attracting new clients, it can placate shareholders while improving its public image (Stump, 1999).

Recent evidence suggests that firms using financial and social investment strategies and measures perform better than those organizations that only use financial criteria in measuring performance (Scherreik, 2002). Even with this evidence, other research using student simulations and requiring students to take on the role of investors suggests that students do not perceive CSR as a strong organizationally effective measure (Kraft, 1991).

There remain, however, numerous investment firms that concentrate on organizations with socially responsible performances (Scherreik, 2002). The results of recent studies on social responsibility are mixed, with many of the top one hundred firms being deemed 'responsible' by reputable publications such as *Journal of Business Ethics*, but they fail to return capital ROI to stockholders (Asmus, 2003). Managers must take action to create a ROI for stockholders while not offending stakeholders (Harrison and Freeman, 1999).

In Friedman's (1999) view, managers are solely responsible to the shareholders of the corporation; they act on behalf of the owners to maximize profits while abiding by the law. The only social obligation of a corporation is to obey the law and fulfil economic

responsibilities, as stated in the Corporate Charter. Friedman defends his position on the grounds that a business's fulfilment of its profit-seeking obligations is a necessary condition for human freedom to exist and that market freedom rights to private property and contracts make possible a vast range of personal and civil liberties. Nevertheless, this definition of CSR presents a negative option to do nothing more than abiding by the legal minimum. Budgetary cost reduction, profit seeking, competition, and the desire to cut back on costs are all organizational justifications for why an action was taken (or not taken).

CSR can play a crucial role in enhancing Saudi companies' business affairs and their ability to compete globally. CSR can thus promote local competitive advantage.

### 3.5.6 Corporate Strategy and CSR

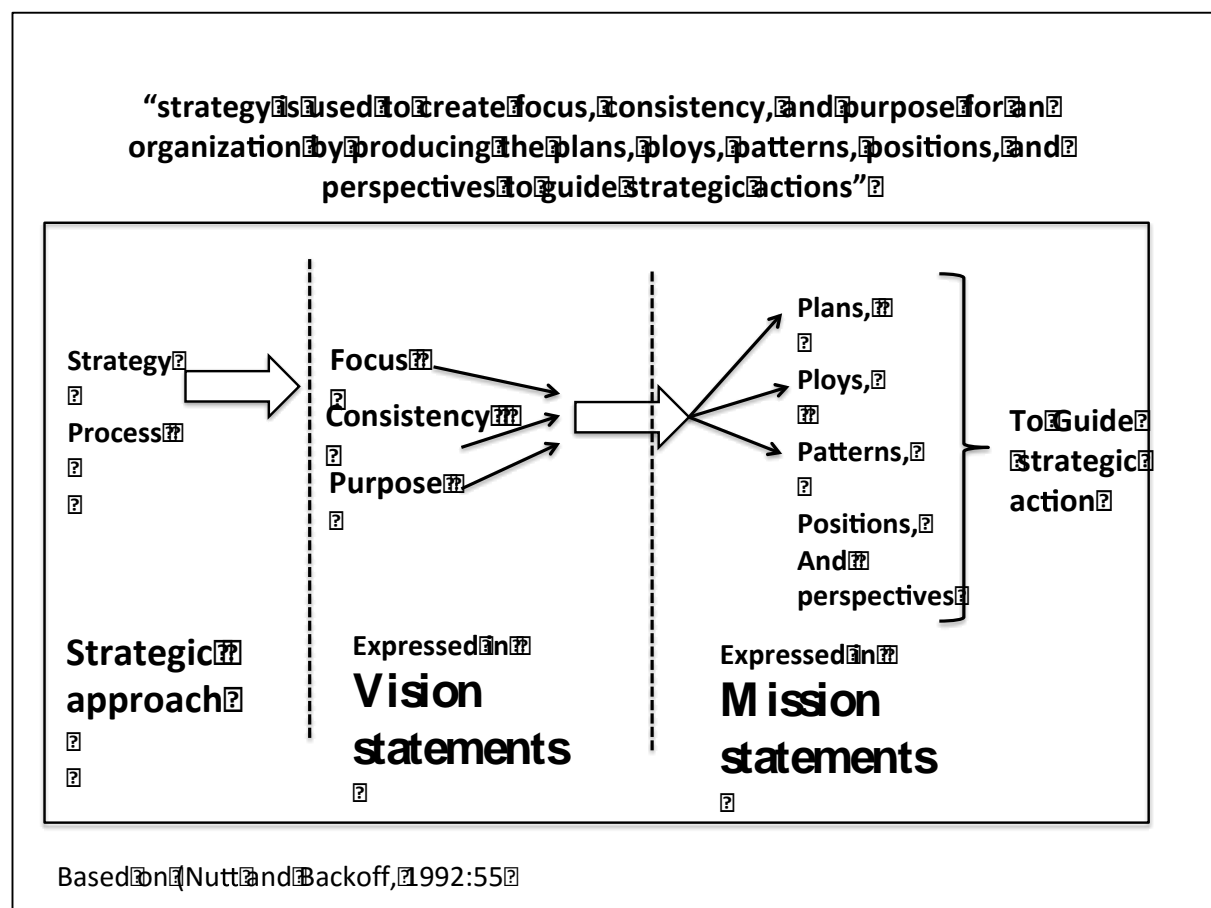


Figure 8: Strategic Vision and Mission – Nutt and Backoff model, 1992

According to Nutt and Backoff (1992), “strategy is used to create focus, consistency, and purpose for an organization by producing the plans, ploys, patterns, positions, and perspectives to guide strategic actions”. In today’s current Saudi CSR debate, this indicates the need to coordinate the CSR intention with the business strategy. In essence this is essential for sustainable CSR policies and long-term business CSR objectives, especially if

such CSR policies are concerned not only with the social obligations of society but also with the long-term social and economic development of the whole country. Hence, there is a greater awareness of what the strategy paradigm can and cannot do for an organization and of the importance of the interaction of internal and external stakeholders while participating in the strategy process. From the Saudi perspective, the notion of combining strategic planning tools with the CSR strategy has not been developed to efficient and sufficient acceptable levels for some Saudi companies nationally. This is due to the limitation of utilizing modern strategic planning concepts by both the Saudi leadership and Saudi lower managers, where the notion of strategic management is lacking. Hence, Liedtka (1998) argued that all individuals in the organization should think strategically, not just the Chief Executive Officer (CEO). In a modern organization, all staff members are encouraged to demonstrate autonomy and responsibility by combining thought, analysis, and action (O'Shannassy, 2003).

It can also be argued that the challenge to develop and implement a CSR strategy adds tangible value to an organization, the country, and perhaps the global market. Hence, several countries display a particular interest in CSR. This is combined with changes in the law in some countries regarding imposing new requirements on companies to contribute some of their profits to CSR initiatives, although this change has not been wholeheartedly applauded, and in several countries local stock exchanges have been issuing requests for companies to produce CSR reports. Questions on political beliefs inevitably entail some concern about political autonomy, which comprises two fundamental and overlapping concerns: the relationship between the government and business and the relationship between business and society. A second relationship that has generated the idea of CSR comprises the firm's activities or its corporate social presentation and the corporate social orientation of its managers. There is much scholarship concerned with social matters in management, business and society; with some over-simplification they can all be distilled into an inquiry about what the societal responsibilities of businesses are (Gourville, 2004).

The increase in the number of businesses proves that strategic choice is simply not an option. "They have found themselves faced with enormous dilemmas that go to the heart of their business model. CSR is no longer defined, if it ever really was, by the process of how much money a business gives away but by how that business makes its money in the first place" (Werther and Chandler, 2006: xiii). William (2006) argued that CSR is about managing the relationships that are central to the future success of the business, and that the initiatives

taken in its name can go disastrously wrong if badly performed. Hence, CSR can be considered as a “strategy future tool” (Werther and Chandler, 2006: xiv), especially for Saudi companies.

### **3.5.7 Philanthropy Perspective in CSR**

Philanthropy is understood as a ‘voluntary activity’ performed by citizens and legal personnel; it involves the impartial transfer to individuals or to legal individuals of property, including monetary resources, disinterested fulfilment of work, provision of services, and rendering of other support types. The law clearly defines the purposes of philanthropic activities in terms of social support, protection of individuals, and assistance in the spheres of education, science, culture, arts, spiritual development, and so forth.

Fulfilling these goals implies that the philanthropists receive tax breaks for their efforts. However, beyond the law and the general academic definitions, the place of corporate philanthropy in the context of CSR can be interpreted broadly. First, corporate philanthropy as such is often identified as a basic content of CSR. Second, even when investigating philanthropy as one facet or ‘level’ of CSR, the academics and practitioners approach its role, forms, and directions, and apply its methods to assess its effectiveness, in different ways (Carroll, 1979). The basic tendency in academic literature is to separate traditional ‘altruistic’ philanthropy as a parameter unconnected with core business, and ‘strategic’ philanthropy, which in fact enhances a company’s position in particular competitive fields and generates value ‘shared’ by business and society.

### **3.5.8 Sustainability**

Generally, sustainability is treated metaphorically as a property which should be maintained and protected for future generations, “an attribute of some artefact, in line with the way sustainability was applied to pinpoint the relationship between global ecology and economic development” (Meadows et al., 1972). In terms of the social development of Saudi Arabia, the Saudi CSR definition is closely related to this concept but in the context of the local ecology and the country’s future social and economic planned developments. In fact, Saudi companies are considered as part of the responsible ownership of this property, which will be protected for Saudi society in the future. In 1987, the World Commission on Environment and Development (WCED) published a report entitled ‘Our common future’. The document, which came to be known as the Brundtland Report, defined sustainability or sustainable



development as “development that meets the needs of the present without compromising the ability of future generations to meet their own needs” (UNWCED, 1987: 8) which, in essence, focuses on the sustainability concepts embedded in the Saudi CSR endogenous characteristics, as this study illustrates.

According to Chiesa et al. (1999), the aim of introducing sustainability as a term is to provide a way to handle the kind of problems associated with the failing relationship between our global environmental science and continuing economic improvement. However, within the Saudi perspective, this not only concerns global environmental aspects but it also has an implication for the local environments and sustainable local economic developments. Sustainability indicates ways in which economic development can be realized while taking supposed environmental limits into consideration (Meadows et al., 1972), including local endogenous other factors in the case of Saudi Arabia.

Gray (2002) expressed a similar view about sustainability. He defined it as a complex and demanding notion; at its simplest, it is a corporation which should take into consideration the needs of both present and future generations as well as environmental and social justice, which indicates equal distribution of social obligations and undertaking the responsibility of good corporate citizenship by all sectors of society. Thus, Saudi companies should exhibit a range of social care and participation activities in the social obligation notions among other Saudi CSR related components. Reaching social justice within the Saudi perspective can be difficult to achieve for Saudi companies due to the social endogenous distribution of the population across the country and the vast geographical area of Saudi Arabia.

However, Gray (2002) argues that the accepted definitions of sustainability suggest three principal goals or “cornerstones”: environmental stewardship, social responsibility, and economic prosperity. Environmental stewardship involves protecting air, water, land, and ecosystems, as well as effectively managing the earth’s natural resources, which also include resources used for generating electricity. Economic prosperity results from the aeration of economic opportunity for enterprises, their stakeholders, and the whole society, e.g., the communities where they are located (Placet et al., 2005).

According to this study, Saudi CSR sustainability focuses more on social responsibility (social development) and economic prosperity and environmental stewardship. The latter is

often considered as part of the Islamic core belief of any Muslim, including the Saudi leadership. Therefore, social responsibility means improving life quality and equity for employees of the enterprises and society as a whole, which is highly related to the Saudi CSR endogenous characteristics.

How can Saudi firms measure their contribution to social development and the national economic development of the country? It is a difficult and taunting task for both Saudi companies and their societies. One aspect of measuring sustainability is to consider the rate at which resources are consumed by the organization in relation to the rate at which resources can be generated (Crowther and Green, 2004), which is unrealistic, confusing, and impossible to achieve in the Saudi CSR situation. Perhaps, other means of measuring sustainability could be related to calculating the adverse effect of the current business activities on resources and the promotion of local social and economic development.

Identifying and engaging stakeholders are two issues important to most organizations' sustainability (Parker and Khare, 2006). Many organizations do not engage stakeholders because of the perception that it is expensive for their businesses and also because of their ignorance about stakeholder engagement theory. This view can be widely supported by most Saudi managers who fear the interference of stakeholders in the direction of the business, their business strategy, and commitment to unrealistically imposed or requested social and national obligations that consequently affect their profitability and their long-term sustainability and survival. During 2014, a prominent government figure announced that the banking sector should contribute more to the social development of the country, i.e., providing funds to some Saudi banks' stakeholders to enforce the obligations placed on those banks. That resulted in a devastating impact on the Saudi banks' CSR activities and even on profitability, leading to a drop in share prices, whereby a reduction in the existing CSR projects occurred; it sustained the externally imposed social development costs including the cost of Saudization.

However, Parker and Khare (2006) are of the opposite opinion. They believe that CSR brings many benefits including environmental protection, opportunity for local community involvement, knowledge flow, conflict mitigation, and many other benefits. Among the current challenges to enterprises are uncovering problems that the organization may want to

avoid, revealing conflict, and implementing changes mandated to the company's operations; these are also a few of the problems with stakeholders and environmental protection.

LOI (2008) argued that a firm is an open system, whereby its internal and external variables are constantly interacting with each other in a dynamic way. The interactions shape its organizational behaviours, outcomes, and core approach to CSR. The recent corporate governance failures at Parmalat, Enron, WorldCom, and other entities indicate that executives must now pay even more attention to assessing the likelihood of organizational sustainability from a strategic viewpoint, indicating that in today's business climate "firms need to do more to recover the confidence of different stakeholder groups" and thus, "not surprisingly, the strategic issues of CSR have received considerable academic and managerial attention in different contexts such as firm performance (McWilliams and Siegel, 2000; Zairi and Peters, 2002), law (Vallée, 2005) and business ethics (Robertson and Crittenden, 2004; LOI, T.H., 2008)".

However, "despite these encouraging developments, the dominant consensus on what constitutes a firm's CSR in the diverse corporate world is far from conclusive. There are still difficult moral issues separating people with different religious adherences in the world geopolitical landscape of the twenty-first century. Besides, the acts of strategizing with values that underlie the CSR principles are different from having knowledge of them" (LOI, 2008).

The above argument highlights the importance of the prominent link between CSR and faith practices such as Christianity (LOI, 2008), and even Islam in a general sense. However, it specifically relates to Saudi CSR endogenous concepts such as Islamic accountability, Islamic sustainability, and Islamic philanthropy, which, as the researcher argues, are deeply rooted in the Islamic core principles of individuals and organizations belonging to Islamic society. Therefore, "engaging corporate social responsibility (CSR) is essential to attain corporate sustainability" (LOI, 2008) and "corporate social responsibility (CSR) is a critical emerging issue in management..." (Galbreath, 2010).

Therefore,, it can be argued that the Saudi endogenous CSR is crucial to attain Islamic CSR concepts, including Islamic accountability, Islamic sustainability, and Islamic philanthropy. Also, it is one of the managerial tools available to Saudi managers; it enables them to deal

with critical clashing viewpoints related to the Saudi CSR implications: issues such as the Zakat contribution and CSR and additional CSR financial costs in relation to profitability, the Zakat ratio.

It can be argued that shareholder theory and corporate citizenship are deeply imbedded in modern developed CSR sustainability concepts. Freeman, (1984), Donaldson and Preston (1995), Jensen (2001), and Werther and Chandler (2006) argue that a business is no longer understood as an organization designed only to deliver profits to shareholders; rather, “it fulfils the social requirements of those actors who have a stake in the firm, such as employees, customers, suppliers, governments, and communities” (Galbreath, 2010), but the Saudi CSR targets the social development of the country and involves mostly employees, customers, and society at large.

According to Matten and Moon (2008: 405), CSR is generally articulated as policies and practices “which reflect business responsibility for some of the wider societal good”. In essence, it supports the notion of the Saudi endogenous CSR, which focuses on social development, sustainability, and the national economic development of the whole country, not only of local communities.

It also supports the possibility of creating a national CSR strategy for accommodating and implementing the unique rules and regulations of the Saudi CSR practices, as this study recommends at the end. Despite the suggestion made by Matten and Moon (2008) that CSR appears to be a concept that is spreading globally from its origins in the “Anglo-Saxon countries” and perhaps has the limitation of the CSR requirement principles to adhere to Anglo-Saxon CSR conceptualization, the Saudi CSR endogenous characteristics represent local Saudi CSR concepts and principles, which are essential for CSR sustainability in Saudi Arabia.

The arguments of Freeman (1984), Donaldson and Preston (1995), Jensen (2001) and Werther and Chandler (2006) also indicate that transparency and clear communication with the stakeholders of the companies are essential elements, besides applying social responsibility and reporting locally and globally in accordance with the company stakeholders’ engagements and the scope of the core business activities. In the next sections, the issues of transparency and social reporting within local and global perspectives will be

explored, together with the implications of the introduction of international CSR attempts at harmonization and reporting CSR across the globe over the Saudi CSR.

### **3.5.9 Transparency**

Transparency is a vital element that guides a researcher to gain and produce valuable and useful information that can be crucial for the decision-making process (Solomon and Solomon, 2004). Companies are expected to provide access to information on the impacts of their operations and products, to engage stakeholders in meaningful dialogue about issues of mutual concern that are relevant to either party, and to be responsive to particular concerns not covered in the standard reporting and communication practice (BSR, 2006).

According to Crowther and Green (2004), transparency means that an organization should reveal its effects on both internal and external stakeholders through clear reporting mechanisms. It is noticeable that external stakeholders are more interested in and concerned about transparency than internal stakeholders; this may be because external stakeholders lack detailed information about the organization's activities that are available to internal stakeholders.

Although it may often be painful, consistently open and honest reporting builds stakeholders' trust, which is a valuable asset, especially in times of difficulty (WBCSD, 2001). In fact, there has increasingly been a mainstream understanding of the necessity for credible, appropriate, and independently verifiable information on the financial, social, and environmental performance of companies. In addition, there is an increasing demand for transparency and growing expectations from national bodies that corporations measure, report, and continuously improve their social, environmental, and economic performance (Tsoutsoura, 2004).

On an international level, one of the most important documents emerging from the UN Conference on Environment and Development (Rio Conference, 1992) was Agenda 21. This agenda has prescriptions for every sector of the global economy to achieve sustainable development, particularly in business and industry. This agenda represented the international attitude on the importance of transparency and it was endorsed by 178 countries.

The transparency of the Saudi listed companies to their stakeholders is at a minimal rate. Saudi companies are reluctant to engage in additional reporting events and in unnecessary

activities outside the scope of their core business activities and the requirements set out by CML, although there are encouraging attempts made by larger corporations to adopt the transparency concept in principle, for example, NCB, Aramco and others. There are thirteen Saudi listed companies publishing additional sustainability reports, having joined the GRI.

### **3.5.10 Social Reporting and the Triple Bottom Line**

Social reporting is an important notion; it suggests that any organization must be operated to produce positive economic, environmental, and social benefits. The move toward triple bottom line reporting was intended to make explicit the non-financial aspects of organizational behaviour in order to encourage organizations to bear in mind not only the economic aspects of their activities but also the social and environmental ones (Schaltegger et al., 1996). This is due to the fact that stakeholders insist that the corporations become more socially and environmentally responsible. Moreover, the level of awareness in the community increases assertiveness about the right to be informed and to influence the corporate decisions (Svendsen, 1998).

Social reporting implies reporting on how social responsibilities have been discharged. The number of organizations that attempt to produce some form of social reporting has increased gradually (Mullins, 1999). An outgrowth of this development is research into the means to expand business information systems and to enable business corporations to be more responsive to the rapidly changing demands in their socio-political environment (Diekes and Antal, 1986).

Kaplan and Norton (1996), in their book *Balanced Scorecard: Translating Strategy into Action*, tried to produce a useful framework for such a measurement system. It includes measuring performance across financial aspects, customer satisfaction, business processes, and employee learning and growth. Such a tool would enable short-term financial monitoring and monitoring of long-term plans regarding the acquisition of capabilities and intangible assets required for future growth.

Although Kaplan and Norton's (1996) scorecard offers a useful framework for such a measurement system, critics have argued that it does not go far enough, and that it should be extended to include such indicators as a positive reputation, strong community linkages, trusting relationships with suppliers, and sustainable use of resources.

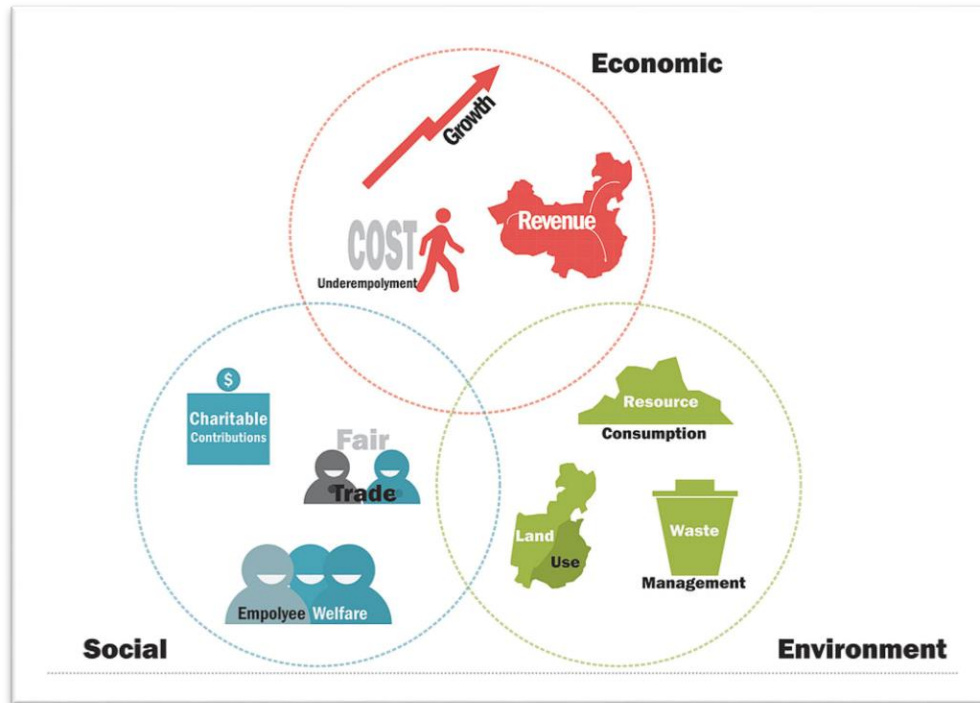


Figure 9: Triple Bottom Line<sup>21</sup>

As is evident from the diagram, the triple bottom line consists of three parts: social, environmental (ecological), and financial. The three parts are also referred to as three Ps: people, planet and profit, or the “three pillars of sustainability”. Such interest in triple bottom line accounting characterizes the for-profit, non-profit, and government sectors. Saudi companies are willing to incorporate the three Ps’ concepts in their social reporting activities, as will be demonstrated in this study (see the results and discussion section). The triple bottom line framework has been adopted by many organizations for evaluating the organizational performance in a broader context. It was John Elkington who devised the term in 1994. The term ‘bottom line’ as used in traditional business accounting refers to either the ‘profits’ or ‘losses’ that are frequently written at the bottom line of a revenue or expenses statement. Environmentalists and social justice advocates have struggled over the last 50 years to formulate a wider definition for the bottom line to be used in accordance with public consciousness by introducing full cost accounting.

<sup>21</sup> [https://en.wikipedia.org/wiki/Triple\\_bottom\\_line](https://en.wikipedia.org/wiki/Triple_bottom_line)

Therefore, social and sustainability reporting are inseparable since they are very closely related in many CSR applications in numerous countries, including Saudi Arabia. A sustainability report is an organizational report that gives information about economics, environment, and social and governance performance, utilizing the company's ability to adhere itself to modern reporting tools. Sustainability reporting does not involve report generation from collected data; instead it is a method to internalize and improve an organization's commitment to sustainable development for both its own sustainability and for demonstrating to both internal and external stakeholders.

Non-financial reporting, such as sustainability and CSR reporting, is a fairly recent trend that has expanded over the last twenty years. Many companies now produce an annual sustainability report and there is a wide array of ratings and standards around. There are a variety of reasons that companies choose to produce these reports, but at their core the companies intend to be "vessels of transparency and accountability".<sup>22</sup> Often, they also intend to improve internal processes, engage stakeholders, and persuade investors. Organizations can improve their sustainability performance by measuring, monitoring, and reporting on it, helping stakeholders and investors to have a positive impact on society and on the economy, and a sustainable future. The key drivers for the quality of sustainability reports are the GRI guidelines. All organizations worldwide assess their sustainability performance and disclose the results in a similar way to financial reporting, including some Saudi companies. There are only thirteen Saudi companies registered for the scheme.

### **3.5.11 Summary of the Issues Raised**

In spite of Levitt's (1958) warnings, CSR grew in popularity and took shape during the 1960s, driven largely by the social movements that defined the times, especially in the US, and by the forward-thinking academics who were attempting to articulate what CSR really meant and implied for business (Carroll and Shabana, 2010: 86–87) The high demands of CSR in the Middle East are being incorporated into corporate strategies, thus avoiding the danger of social unrest which was seen recently across Middle Eastern countries, including some countries adjacent to Saudi Arabia.

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<sup>22</sup> Common phrase or expression, used in business.



The most important of these is that of Davis (1960), “who introduced the idea that social responsibility might be justified with respect to its economic returns to the company”; he also outlines his now-famous Iron Law of Responsibility, which held that “social responsibilities of businessmen need to be commensurate with their social power” (Carroll 1999: 271). This power is given to them by Saudi society and officials and this notion could relate to and express the Saudi CSR unique character of corporate citizenship, where the uniqueness stems from the way they contribute to their society in combination with their own Islamic beliefs and national obligations, and how they express their social responsibility to their society through anticipation and appreciation of their social needs.

It can be ascertained that the above Saudi CSR endogenous characteristics are in line with the CSR conceptual framework of the 1960s; they are included in CSR definitions by Frederick (1960), McGuire (1963), and Walton (1967) cited in and concluded by Carroll (1999); the common thread combining these definitions is the basic idea stated by Davis (1960) that social responsibility extends beyond the immediate economic interests of a business. It should be concerned in Saudi Arabia in essence with the Saudi CSR endogenous characteristics discussed above.

Some other crucial CSR ideas are introduced in this period; they support the Saudi CSR notion of promoting CSR beyond the business objectives and core business activities in an endogenous and unique manner. McGuire (1963) specifies the need for social responsibility to extend beyond economic and legal necessity, while Walton (1967) describes CSR as the relationship between the corporation and society and introduces three important elements of CSR: a need for “voluntarism, as opposed to coercion, indicating the indirect linkage with other voluntary specialist CSR organizations and lastly willingness to incur unrecoverable costs”.

Within the Saudi perspective, voluntarism and philanthropy form part of the current Saudi CSR endogenous characteristics. The research examines and debates these notions in detail to establish whether voluntarism is sufficient for Saudi companies to embrace CSR initiatives, or if an in-house CSR strategy aligned to the corporation’s business strategy to develop their own firm’s capability is a better alternative for a more compressive implementation of CSR projects relating to Saudi society’s social obligations and for achieving the objective of being good corporate citizens within Saudi Arabia.

### 3.6 Implications of ISO26000 and GRI Adopted Western Concepts

In general terms, this section is a continuation for the examination of Western CSR concepts. Also to build and explore the relationship between the international CSR principles represented by ISO26000 and GRI and the unique Saudi CSR conceptual model formulation and its related interpretation. It has been argued in the introduction that ISO26000 CSR conceptual principles and guidelines including the GRI reporting framework are in essence based on Western CSR generic concepts. This section is represented independently from the other Western CSR generic concepts, due to the fact that international CSR principles and concepts are slightly diverse and exclusive to their global intended purposes and features, as is argued and explained subsequently (please see the figure below).

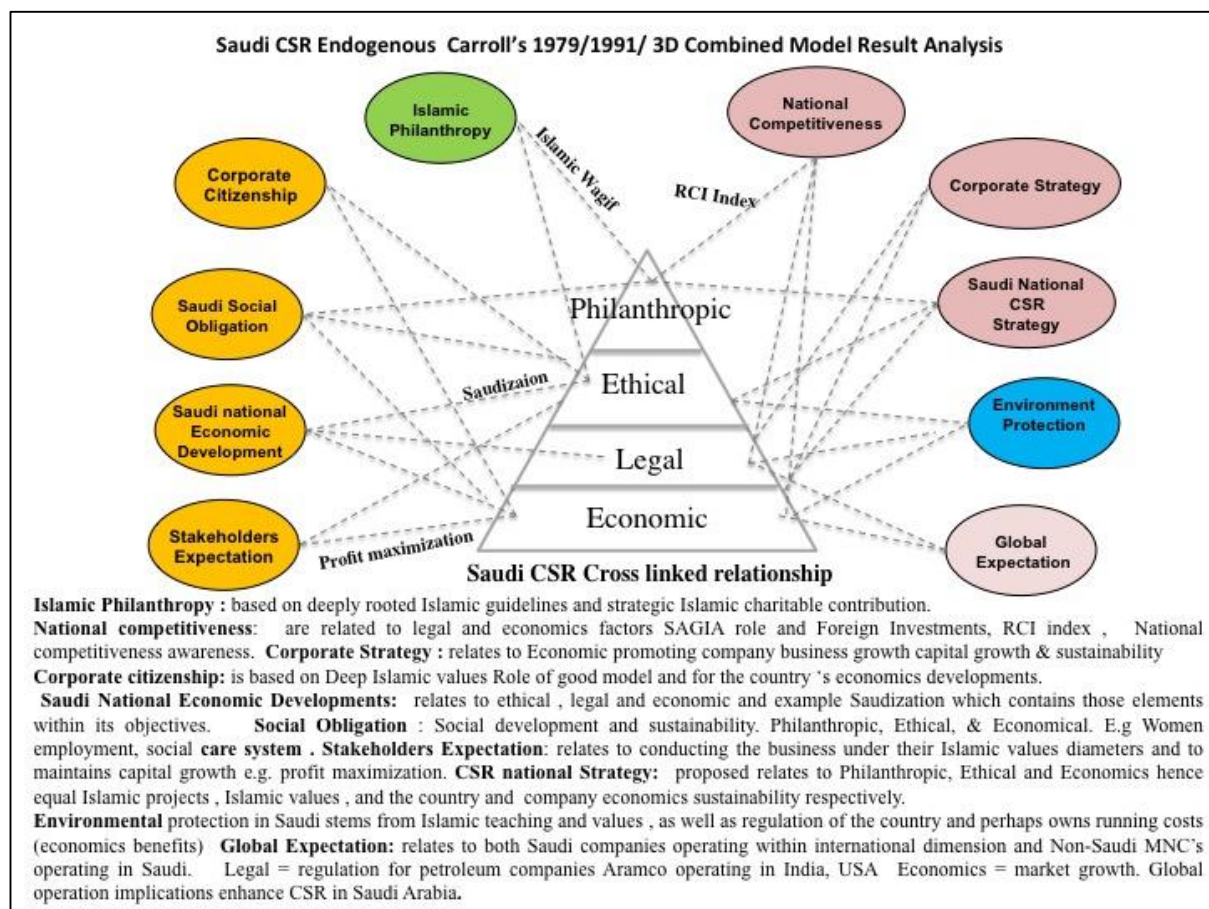


Figure 10: Implications of ISO26000 and GRI Adopted Western Concepts

Figure 10 shows a snapshot of part of the proposed Saudi endogenous CSR model, where the three influencing factors are outlined on the top of the chart. They are represented by Western CSR generic principles, international professional practices represented by ISO26000 and

GRI guidelines and adopted principles, and Islamic teaching and guidelines represented by the introduced term ‘Islamic philanthropy’. The bottom part shows other specific factors that aid in the formulation of the unique Saudi CSR model.

### **3.6.1 Introduction**

There is a huge amount of research on the conceptual development of CSR principles and concepts within the transnational dimension in many countries. There are many slight crucial variations in the way CSR is defined within the international scope. It is in reality based on the application of the globalization economic principles imposed by the United Nations countries and the global sustainability of natural resources and protection of the environment and mankind’s existence.

Therefore, it can be argued that basically most of the international CSR concepts originated and are adopted from the Western CSR generic concepts, such as accountability, transparency, corporate citizenship, stakeholder theory, and philanthropy. For example, one of the most common CSR international principles published by the WBCSD is “the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large” (2015). This was cited on the WBCSD website, and it can be said that the definition contained many generic CSR concepts: corporate citizenship, as could be represented by continuing commitment to local community; philanthropy, as seen by behaving ethically and contributing to the workforce and their families, which is outside the core of their business activities; stakeholder expectation, which can be represented by the expectations of customers, employees, governments and their communities; and accountability, which can be represented by being accountable to the stakeholders and the society at large. Therefore, it can be ascertained that international CSR concepts could be adopting versions of Western CSR generic concepts.

The WBCSD’s international CSR definition expresses a ‘local CSR agenda with global implications’, and indicates its international views and objectives on what CSR is all about within global contents. Hence, it can be argued that abiding by international CSR initiatives seems natural and essential for many emergent countries like Saudi Arabia, which is heavily involved in many international trade agreements and globalization movements via petroleum production exports and dependency on vast imports. In addition, it seeks to meet business

sustainability in social developments for the Kingdom of Saudi Arabia (KSA), together with addressing the global expectations imposed on Saudi firms.

The WBCSD definition supports the notion of having a unique local CSR aimed at the international audience; for example, the Saudi CSR endogenous scope and the international CSR Saudi implications, which will be explored in detail in this section.

There are implications of the CSR international standardization and philosophies for the Saudi CSR conceptual model. Consequently, a few important questions need to be addressed in this section: (a) Would the international CSR adopted and related reporting concepts implicate the current and the future Saudi CSR development and reporting initiatives? (b) How do they influence the nature of Saudi endogenous characteristics? (c) Is there any relationship between the international CSR and the notion of Saudi CSR misconception and the formation of the Saudi CSR endogenous characteristics? These questions are not totally the objectives of this research; therefore, this segment only aims to explore CSR within the international CSR dimensions and to establish a possible consequential conceptual relationship and reporting application within the Saudi CSR. It aims to investigate the international CSR concept influence and relativity within the Saudi CSR endogenous characteristics.

Furthermore, this examination is indispensable as many Saudi companies are influenced by the concepts of ISO, especially ISO26000 and its GRI associated implications and interactions.

This section complements the previous chapter; it interacts and overlaps with many generic traditional CSR concepts. They may be part of many ISO harmonization efforts for the promotion of various international CSR initiatives across the globe. Therefore, the debate in this section will be divided into three main areas: (a) the implication of international CSR on Saudi CSR conceptualization and the implication of international CSR on Saudi CSR reporting; (b) the implication of international CSR and Saudi endogenous characteristics; (c) international CSR and Saudi CSR unique conceptualization.

### **3.6.2 International CSR: Implications of ISO26000 and Saudi CSR Conceptualization**

There is huge growing local and global interest in CSR, which is spreading worldwide across many countries including Saudi Arabia. From airlines that strip paint from their cargo jets to save fuel and emissions to academics that start shareholder activism groups there are clear signs that CSR is gaining increased attention at corporate, investor, and government levels.

Such environmental awareness is accompanied by a greater willingness to embrace social and community projects and to make considerable progress in promoting many ISO and CSR concepts, including accountability, sustainability, and corporate governance, which have been developing across the whole world in recent years.

The most important recent development is the launch by ISO of the ISO26000 guidelines for social responsibility. ISO26000 was released in November 2010, only three years after the official introduction of CSR in Saudi Arabia, as indicated earlier in the introduction chapter. According to the ISO website, the ISO26000 goal is to contribute to global sustainable development by encouraging businesses and other organizations to practise social responsibility in order to improve their impact on their workers, their natural environments, and communities.

Hence, many Saudi CSR advocates, including large Saudi firms, have joined these initiatives since 2010. It has been a classical notion in Saudi Arabia that Saudi companies are encouraged to join any new international standardization or organization relevant to their nature of business and their core commercial activities. ISO26000 was released at a time when officials and founder organizations of major Saudi CSR movements were enticing Saudi firms to join the CSR Saudi initiatives.

It can be argued that although ISO26000 constitutes one of the most important international global initiatives, and it could participate in the formation of Saudi CSR endogenous characteristics, it is at a distance from the Saudi CSR to a certain extent. The Saudi CSR has a specific agenda, which sets out principally to serve the local, social, and economic development of KSA.

The thorough analysis of international CSR indicates that for many Saudi companies, ISO26000 seems a far-fetched project. It is difficult to implement comprehensively as is evident from the empirical sections. The reasons are:

- (A) The Saudi CSR stems from Saudi companies; specifically, the CSR objectives are based on local social development requirements.
- (B) The private sector, Saudi multinational companies (MNCs), is limited; it forms a small percentage of Saudi global interactions.
- (D) Only 13 Saudi firms out of 167 listed as Saudi companies are engaged in ISO26000 and reporting initiatives (for other reasons, see the discussion section on ISO implications).

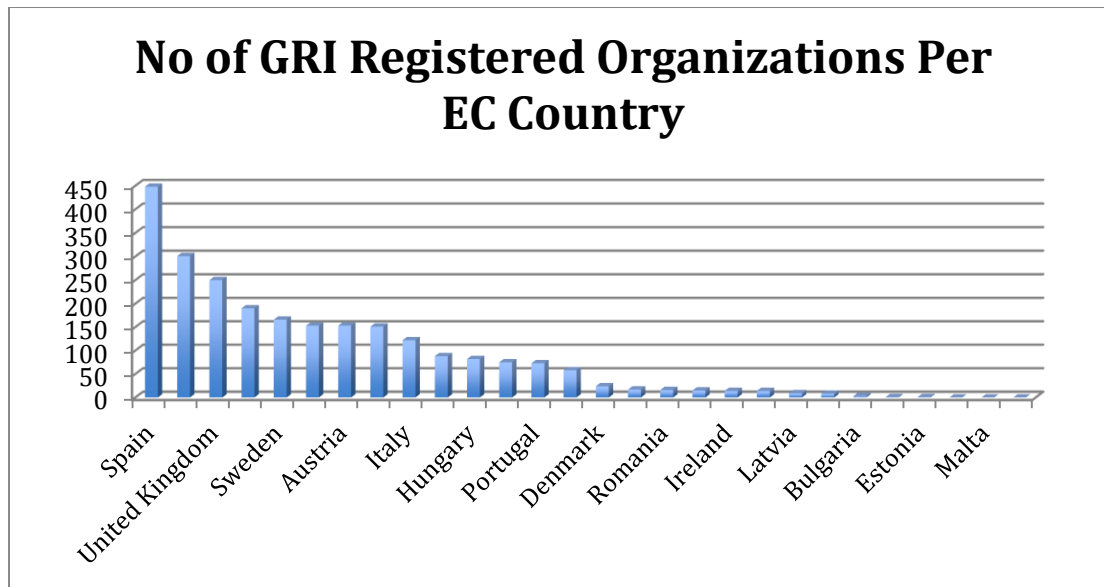


Figure 11: Graph Comparing Saudi Firms to International Countries

Source: Global Reporting Initiative /<https://www.globalreporting.org/Pages/default.aspx>

The above figure shows the magnitude of importance of CSR in European Community (EC) countries, which is an example of the above argument. The above graph shows that Spain is leading the race, followed by Germany and United Kingdom.

Furthermore, ISO26000 seems sometimes locally irrelevant, obsolete, and conflicting with some of the Saudi CSR endogenous characteristic based principles.

For example, ISO26000 requiring participant firms to behave ethically seems irrelevant to the case of the thirteen Saudi companies engaging in the process because they are governed by high ethical Islamic values and guidelines, which comprehensively cover all aspects of their business operation. This has been indicated earlier within the Islamic philanthropy debate.

Similarly, the same argument can be made about the notion of Saudi companies' contribution to national economic development, which is closely related to some Saudi companies. Hence, Saudi firms are committed to Saudi economic development even years before the introduction of CSR in Saudi Arabia.

Another example regarding the ISO objective of improving 'the life quality of the employees on the working site and that of their families' seems to be distant from Saudi companies' prime employment purposes. Actually, some Saudi firms are struggling to meet the basic

legal requirements for the outcome of the Saudization schemes that they are providing to their Saudi nationals. Basically, they need to score an acceptable Saudization percentage ratio expressing the ratio of Saudi nationals within the total number of their employees, whereby a drop in the ratio prevents them from getting permission to contract and employ new foreign labour.

At the moment, some Saudi firms operate within Carroll's basic social responsibility, legal responsibility, and have not been able to extend their care to improve employees' family life.

Therefore, what is the magnitude of the GRI scheme and its implications for the development of social responsibility reporting in Saudi Arabia?

Basically, the answer to the above question could be that, as indicated early in the previous section, there are only 13 out of 167 listed Saudi companies that utilize the ISO26000/GRI reporting guidelines and they have published their GRI reports in both Arabic and English. Further, evidence obtained from documents for this research indicate that other Saudi companies utilize the ISO26000/GRI framework to formulate their own local sustainability reporting techniques, which are aimed at the local audience and their stakeholders and are communicated in Arabic.

Consequently, the latter indicates also that ISO26000/GRI implementation can lead to implications for the Saudi CSR conceptual distinctive model, where ISO26000 core ethical issues can be replaced by Islamic values and Islamic ethics. Hence, ISO publications cited on the main ISO website show that since it was founded in 1947, ISO has published more than 19,500 International Standards covering almost all aspects of technology and business, from food safety to computers and from agriculture to healthcare. ISO International Standards impact all aspects of our lives. The standards are developed by groups of experts from all over the world and they are aware of the standards that are needed in their respective sectors.

However, it can be argued that those ISO standardizations are impractical, complex, difficult to apprehend by companies embarking on CSR, and unsuitable for many highly ethical countries where CSR is driven by deeply ethical and philanthropic guidelines, like Saudi Arabia. Hence, ISO experts formulate universal standardizations, suitable for all countries and economic systems; there is no room and scope for fitting local adaptations to the ISO regulations by the possible participant countries.

Therefore, this ascertains that CSR conceptualization and interpretation differ from one country to another and the ISO processes should accommodate local adaptation. This issue is crucial for the sustainability of ISO26000 and its future developments in highly ethical and culturally influenced countries, such as Saudi Arabia. The future of ISO26000's implementation and development is governed by the fact that it will install a globally relevant understanding of what social responsibility is, and what organizations need to do to operate in a socially responsible standardized manner which will be universal across the international boundaries around the globe.

Yet, this thesis shows that some Saudi firms are utilizing the ISO26000 and GRI guidelines to organize their social responsibility local endogenous reporting. It can be argued that ISO26000 is a timely and relevant guide that helps organizations understand what social responsibility is and what they need to do to operate in a socially responsible way. Hence, it is necessary to shed light on both ISO26000 and its related reporting application and the utilization of GRI.

Many Saudi companies are confused about the purpose and objective of ISO26000; Hence, the ISO website indicates that it is important to note that ISO26000 contains voluntary guidance and that it is not for use as a certification standard, as ISO9001 or ISO14001 are; this needs to be addressed in Saudi Arabia. However, the application and implication of ISO26000 for Saudi firms could promote transparency and accountability, and brighten the company image in general terms.

Furthermore, Eugene Tan, an Assistant Professor, a Member of the National Working Group on Social Responsibility, and a Lecturer in SMU's School of Law, pointed out that ISO26000 could evolve into a de facto technical standard and that the organizations may be required by business partners to demonstrate that they "endorse" or "support" ISO26000. This could be equally applicable and relevant to the Saudi CSR if the proposed recommendation for a voluntary national Saudi CSR strategy is endorsed and introduced in the future. Perhaps the ISO26000 guidelines could prove useful for future Saudi CSR regulatory development.

Based on ISO standard analysis, it can be argued that ISO26000 can widely cover most of the recognized social responsibility international initiatives and ISO regulations, which can be



described as the accumulation of the most adhered to ISO regulations by many participants companies, including companies in Saudi Arabia.

### **3.6.3 Summary and Conclusion**

ISO26000 has an international global agenda, which could be impractical for some Saudi companies. Perhaps some of the concepts are not easily aligned with the Saudi CSR endogenous characteristics. A major Saudi CSR principle is Islamic philanthropy, and it underpins social and national developments.

As indicated above, the core Saudi CSR subjects could be entirely different and in line with the endogenous characteristics suggested by this study. For some Saudi companies that are implementing ISO26000 via GRI reporting, it seems long way from home and odd compared to their core activities. Saudi companies are integrated in their societies via their national and social development commitments. Most of them are expecting governing CSR regulations and they do not appreciate the voluntary initiative CSR concepts in Saudi Arabia.

The corporate interpretations of Saudi and Gulf countries can be formulated in a table that summarizes mostly the similarities between ISO26000 and the Saudi managers' interpretation. However, the manner whereby they interpret CSR ISO26000 will add value to the existing initiatives in social responsibility by providing harmonized, globally relevant guidance based on an international consensus among the expert representatives of the main stakeholder groups, so it encourages the implementation of best practice in social responsibility worldwide.

ISO26000 is a guide that sets out an outline on social responsibility, established by the ISO, which is essentially different from ISO standards. It contains no requirements; therefore it cannot be the basis for certification, measurement, or conformity assessment, unlike other ISO standards issued in the past. Confusion arises when the Saudi companies apply some of the previous ISO standards designed for the purpose of certification and international recognition; they need them for their business activities, for example ISO14000, ISO9000s and so on.

ISO26000 has no legal legitimacy anywhere in the world and it is not imposed by any international organization. In fact, use is voluntary. This is a guidance document that offers

suggestions, recommendations, advice, and proposals contained in the International Standard that is published by ISO and its member bodies. In other words, the publication format is an International Standard, but with regard to its content, it is a guidance document.

The lack of legitimacy discourages many Saudi companies from adhering to the ISO and GRI initiatives. This is due to the fact that the business culture encourages most Saudi listed companies to seek international certification and legitimacy for their business activities in order to gain publicity and to establish communication for their shareholders. The same argument applies to the private non-listed companies, whereby having international legitimacy endorsement will assist in the floatation process and enable them to become listed public companies. Therefore, it can be concluded that ISO26000 initiatives are not highly attractive to Saudi companies and most of them utilize the ISO26000 and GRI reporting concepts and principles to produce their own local sustainability reporting aim for their local stakeholders. Yet ISO26000 still plays a part in the Saudi CSR endogenous characteristics formulation.

### **3.6.4 Global Reporting Initiatives and Saudi CSR Reporting Interpretation**

#### **ISO26000 GRI Generic Summary Implication Issues**

Christianna Wood, Chairman of GRI's Board of Directors, noted that GRI is "the architect of the world's most widely used and referenced sustainability reporting framework, and that it has been a pioneer in making the sustainability reporting process standard practice for thousands of organizations." She added that "the new governance structure and the creation of the Global Sustainability Standards Board is part of the on-going evolution of GRI's critical contribution to a sustainable economy" (Standards Development – ISO).

Furthermore, Sternberg et al. (2004) defined corporate governance as the system of checks and balances, applied to both internal and external companies, that ensures that companies discharge their accountability not only to their shareholders, as Sternberg et al. suggest, but also to all their stakeholders, and they act in a socially responsible manner in all aspects of their business activities.

Corporate governance is useful for those organizations that have used the ISO26000 guidance and would like to report on their social responsibility and for those organizations that follow

the GRI guidelines in preparing their reports, in order to understand how GRI's guidance on Reporting Principles and Standard Disclosures is related to the clauses of ISO26000:2010. The latest evolution of the GRI guidelines is part of the most widely used comprehensive sustainability reporting framework in the world; it has been created through an international multi-stakeholder and consensus-based process that enables all companies and organizations to report on their economic, environmental, social, and governance performance.

### **3.6.5 Conclusion**

This section provides analytical analysis of the GRI and ISO26000 relevant debates, which can contribute towards the conceptualization of the Saudi endogenous CSR characteristics. This section provides a useful input in identifying clearly the Saudi perspective, the CSR initiatives aligned to ISO26000, and the GRI reporting principles applicable to Saudi companies.

It can be argued that, combining ISO26000 and GRI templates and their relationship as adapted to the GRI, ISO26000, and Saudi conceptualization interpretation shows that this practice can be useful for the Saudi companies that wish to incorporate such concepts. The GRI techniques and technicality could add to and enhance Saudi companies' experience with regard to CSR reporting and strategy selection. However, the question whether or not ISO26000 relates directly to any of the endogenous Saudi CSR characteristics is to be investigated throughout the empirical stage. In general, ISO26000 feeds into the Saudi CSR to a certain extent; it has been influencing many large Saudi companies. There is a small momentum for ISO26000 and GRI initiatives among Saudi companies. The next chapter will explore the conceptualization of CSR from the Saudi perspective and shed light on the country of the study, Carroll's models, the Saudi CSR initial generic interpretations, and other endogenous CSR areas and debates.

Building on the success of the GRI guidelines which to date have been used by over 5,000 organizations across more than 90 countries, the new governance structure recognizes the importance of standard-setting as a public interest activity. The Saudi perspective of ISO26000 and GRI relevancy and appropriate issues are to be examined further within the results interpretation and discussion section.

The rest of this section is considered as a secondary research source and has been moved to the appendix section (see Appendix 1).

The next chapter will explore the conceptualization of CSR from the Saudi perspective and shed light on the Saudi CSR initial generic interpretations of Carroll's models and other endogenous unique Saudi CSR areas and debates.

## **CHAPTER 3: PART II: SAUDI CORPORATE SOCIAL RESPONSIBILITY MODEL CONCEPTUALIZATION**

### **3.7 Conceptualization of the Saudi Corporate Social Responsibility Model**

This section complements the relevant deliberations outlined in relation to the Saudi CSR conceptualization debate in chapters 1 and 2 and in the previous sections of this chapter. It introduces the Saudi CSR and its context, focusing on the relevant Saudi CSR model conceptualization, and also explores the recent principles and developments of its endogenous issues. It highlights the initial empirical findings of the pilot studies, which are considered as part of the Saudi CSR conceptualization process, and addresses the research question: What are the unique features and/or components of the endogenous Saudi CSR characteristics that can be related to the possible unique conceptualization of KSA at a cross-national level? It also provides a theoretical template for establishing the Saudi national CSR strategy.

#### **3.7.1 Introduction**

It can be argued that the concept of societal contribution from both individuals and organizations is an important philosophy in Saudi Arabia. Saudi Arabia is an Islamic country and it is perhaps the only country that fully practises Islam.

Therefore, individuals and organizations are governed by Islamic beliefs and Islamic guidelines relating to business Islamic governing ethos and principles respectively.

It can be argued that accountability and sustainability form the basis of many basic Muslim practices; for example, Saudi managers are not only accountable to themselves and their stakeholders but they are also accountable for their own actions to Almighty Allah (Quran Ch.6). The individual scrutinizes every action before proceeding to perform it.

This could be true for every religion; in a free capitalist society, business managers tend to be placed in a confusing position and experience conflict between social, moral, and profit-maximizing issues. In the morals of a Saudi business environment, Islamic law comes first

and everything else follows, which means that religion and morals come before profit maximization. Voluntary philanthropic projects are the norm.

In both the UK and Saudi Arabia, CSR is intended to serve an organization's stakeholders. The greatest contribution both Countries are making to CSR development is to do business according to the law, to produce safe and cost-effective products and services, to create jobs and wealth, to support training and technology cooperation, and to reflect on the international standards and values in areas such as the environment, ethics, labour, and human rights. "Our key stakeholders will vary based on our particular circumstances, but for most of us, our employees, customers and shareholders are of fundamental importance, together with the host communities and governments and a growing variety of civil society organizations" (Mares, 2004).

Relationships with key stakeholders are fundamental to success, both inside and outside their companies. Ultimate leadership of corporate citizenship rests with the chief executives, chairmen, and boards of directors. The required core principles and actions are: "first, provide leadership, second define what it means for your company, and third, make it happen" (Mares, 2004).

Firms are seeking more creative and practical ways to help the needy, rather than just throwing money at them. Charity today takes many forms, with some sources reporting that company donations are less likely than ever to be purely financial. Often money to support a programme comes with people to implement it as firms offer pro bono services or give staff working hours to aid existing volunteer programmes. Other firms are getting creative in applying their expertise, determining staff hours and technology. Where possible, they transfer skills that help charities and the needy help themselves. There is such strong corporate demand for new ways to be charitable that the Benevolent Society will this year hold a Good Business Forum, a series of presentations and discussions to help companies 'embed' social responsibility (Clarke, 2004). This could be a good general description of how Saudi firms are engaging in Saudi CSR activities.

Wayne Visser (2010), editor of *The World Guide to CSR*, stated that "there is no universal model of CSR, nor should there be, although we may agree on some underlying principles and best practices, most recently encapsulated by ISO26000, the concepts and practices of

CSR must be defined by their national and cultural context, if they are to be relevant and effective.”

In the case of the Saudi Arabia CSR model, national, social, and cultural obligations clearly define CSR practice and its unique pragmatic principles; however, “CSR in the region has not arisen from the consumer pressure or demands. Rather, the governments and businesses in the Middle East are defining the term themselves”, including Saudi Arabia (Le Pelley, 2010). Moreover, “CSR in the region remains in its infancy...and at the moment, a CSR model is evolving; it is heavily focused on religion, social giving, legal compliance and eco-efficiency.”(Le Pelley, 2010)

Hence, the relationship of the Saudi CSR endogenous characteristics to the CSR generic concepts is introduced and formulated. Finally, in-depth analysis of Carroll’s models and the Saudi CSR initial generic interpretations, together with the debate on the suitability of the model for explaining the Saudi CSR endogenous characteristics, are provided.

Carroll’s models are useful for CSR analysis techniques.

### **3.7.2 Saudi CSR Foundation**

The history of CSR could be as old as ancient civilizations. It was recognized in principle as philanthropy and goodwill concepts, which were thought to be the primary foundations of old human societies. Evidence of CSR concepts are found throughout the history of the ancient world. Such principles could be corporate philanthropy, citizenship, profit sharing, sustainability, and social and cultural care. CSR expressions vary with the differences in concepts and principles suitable for those social ancient civilization requirements: civilizations such as Ancient Egypt, Greece, and the Roman and Islamic Empire.

Consequently, CSR concepts are imbedded deeply in most religions, such as Judaism, Christianity, and Islam, where philanthropic teaching and charity donations are encouraged. It is my conviction that the history of ancient civilizations demonstrates that sustainability for a nation and/or a society is the main primary concept of the purpose of those civilizations.

For example, there is evidence that the Ancient Egyptians<sup>23</sup> took care of their environment. They believed in living in balance with the natural resources and they were the first to pioneer large-scale crop farming. They applied the principle of balanced modern farming, acquiring vast crops without exhausting and exploiting their natural environmental resources and habitats.

Another example of CSR in ancient civilizations is the building of the pyramids. Generations were provided with social, medical, nutritional, and cultural care during the erection of the pyramids, and individual workers, engineers, supervisors, architects, and their families were looked after and cared for in every aspect of their welfare. This is a true modern representation of the ancient CSR perspective: the Egyptian Kings looked after the construction teams and their families throughout the construction period of the ancient pyramids.

Another example of old CSR is the case of the Britain East India Company, also called the English “East India Company, and formerly (1600–1708) Governor and Company of Merchants of London Trading into the East Indies, or (1708–1873) the United Company of Merchants of England Trading to the East Indies. The English company, formed for the exploitation of trade with East and Southeast Asia and India, was incorporated by royal charter on December 31, 1600. Starting as a monopolistic trading body, the company became involved in politics and acted as an agent of British imperialism in India from the early 18th century to the mid-19th century. In addition, the activities of the company in China in the 19th century served as a catalyst for the expansion of British influence there...<sup>24</sup>

Therefore, CSR may have its origins in the eighteenth century or some have argued it could be even older. When the British East India Company held a monopoly of trade with India for an extended period, the company effectively administered almost the whole of India in alignment with modern CSR concepts for hundreds of years, introducing modern cotton farming, education, health, and social care to the company’s huge Indian population.

In light of this, it can be argued that CSR principles can differ from one time to another and from one religion to another, taking into consideration, in particular, the social responsibility

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<sup>23</sup> <http://www.crystalinks.com/egyptsocialsystems.html>

<sup>24</sup> <http://www.britannica.com/>



requirements of each category and time. However, the relationship between Western and Saudi CSR interpretations can be charted in relation to the development of Western CSR over time.

The concept of CSR has been the subject of debate in academic and business circles since at least the beginning of the 1950s (Carroll, 1991; Carroll and Shabana, 2010). The central problems that CSR attempts to address are the relationship between corporations and society and the role of ethics in business, which has been around much longer. These issues came into prominence at the time when the Quaker model of benevolent capitalism was designed in the UK and in the eighteenth century when sugar was boycotted in response to the slave trade (Werther and Chandler, 2010:10).

There are limited resources on the Saudi CSR debate since the 1950s to confirm that it was in existence in its new format. However, it can be argued that Saudi CSR existed in Saudi Arabia for hundreds of years during the Islamic expansion period in the Arabian Peninsula. Islamic teaching has promoted CSR activities since the time Islam was introduced in the Middle East nearly one thousand four hundred and thirty-six years ago.

The American oil company Aramco initially incorporated the basic notions of Western CSR into Saudi Arabian corporate business environments in the early era of oil exploration. Thus, they set up basic mini social care for the local Saudi population of the exploration areas, for example building new cities in the area like Durhran, which is still exists today. Aramco was initially set up in 1950s as a joint venture between the US American oil company and the Saudi government. Saudi Arabia was established during the 1950s and was therefore considered as an underdeveloped and young country lacking all basic social care for the population, and especially in the Eastern province where the oil was discovered. Yet equally, on the other side of Saudi Arabia in the western province, Islamic philanthropic projects had existed for hundreds of years, where the Islamic concepts of Wagaf were utilized by the rich traders at the time. This is a small picture of what was thought to be CSR affairs at the time. (Please refer to chapter 2.)

In the past there was weak link between the Saudi government's social development planning for Saudi society and the engagements of Saudi companies. The Saudi government was

completely responsible for the notion and no attempts were made to engage Saudi or non-Saudi companies.

However, this research is focused on current CSR issues rather than historical social care and developments in Saudi Arabia.

Therefore, exploring the current development of CSR in Saudi Arabia in its contextual dimension can assist in formulating a more accurate picture of the status quo.

An initial definition of CSR from the Saudi Arabian perspective is found in one of the first conducted studies, undertaken by the management firm Tamkeen in 2007, which aimed to explore Saudi companies and their social responsibility affairs. “Contrary to early expectations that most business leaders associate CSR with just charity, there is evident recognition within the private sector of the notion that business and society are interdependent and that CSR should contribute to the development of the society in which it operates ... the challenges are in the implementations.” Tamkeen (2007) Saudi culture and business are so close to each other in such a way that sometimes it is difficult to separate them.

Furthermore, the Tamkeen (2007) study argues that “in the Saudi Arabia context, the prevalent values of generosity and goodwill and the stand of local business leaders on social engagement all provide great opportunities to advance CSR so that it plays an effective role in the development of the local society and economy”. This can confirm, in general, some of the endogenous Saudi CSR characteristics introduced in the present research.

It clearly confirms the concerns and objectives of Saudi companies who embrace CSR in order to meet the requirements of local social obligations and the national and economic development of the whole country, for example, corporate citizenship and Islamic philanthropy.

Tamkeen (2007) explained that Saudi CSR is easily accommodated due to the fact that “firstly, unlike the experience of CSR in developed economies, Saudi companies are not subject to adversarial tensions that pit business against society”, i.e., a true representation of corporate citizenship CSR conceptual framework. Secondly, “Saudi companies also do not experience the same supply-chain pressures as in other emerging economies, China as an

example. Often these pressures have made CSR strategies reactive”, and specialized in localized social obligations and demands.

Also the Tamkeen (2007) social responsibility study concludes that the Saudi Arabia experience shows that most CSR initiatives and efforts are still trapped in a charity mind-set, although it can be argued that charitable donations and Islamic philanthropy play a major part in Saudi CSR and this issue should not be considered as a negative point against Saudi CSR. Tamkeen’s (2007) study concludes that most companies are motivated by the desire to address the urgent challenges facing the country, which mostly are creating employment opportunities for a growing young population and addressing the skills gaps needed for a diversified economy.

Surely, this represents the whole picture of Saudi companies’ CSR motives. The research postulates that Saudi companies’ motives are governed and are in line with the Saudi CSR endogenous characteristics identified by the researcher. Hence, some of these challenges are intimately linked to the drivers for Saudi companies’ competitiveness in light of the World Trade Organization entry agreement by the Saudi government and the opening up of Saudi boundaries for foreign direct investments from international investors. This context should be seen as an opportunity for Saudi companies to develop CSR strategies aimed at coherently serving Saudi national strategy developments within their the local community and business objectives. Saudi companies are encouraged to develop their own ability to compete locally and globally. The following section exhibits the analysis and the researcher’s observation on the study.

### **Tamkeen’s (2007) Study – Analytical Analysis and Conclusion**

Content	Analysis and Observation
The Tamkeen study identifies the social responsibility of Saudi companies. Their weak approaches are summarized into:	The professional study was conducted on Saudi companies in 2007 when the Saudi CSR activities were at the initial stage. Companies were in confusion in regards to the Saudi companies’ understanding, application and conceptualization of CSR and the public anticipation of the CSR outcome and its contribution to Saudi society. Some of Tamkeen’s conclusions are related to the formation of Saudi CSR endogenous characteristics.
(a) The lack of systematic and organized efforts within the majority of companies.	‘Systematic and organized effort’ generally indicates the internal level operation of the CSR attempts at implementation and activities. CSR is concerned with the

	strategic level of planning in Saudi Arabia. CSR is closely related to the business strategy setting and it is only found at or within the operational managerial level among Saudi companies.
(b) The prioritization of effective selection and responses to social issues.	There has been major development in the Saudi CSR since the date of the study and with regards to the social obligation issue. Saudi CSR encapsulated the social obligations and concerns; this research shows that CSR could be developed within the business strategy set up and the future strategic alignments to the Saudi national CSR strategy recommended by the researcher.
(c) The lack of strategic corporate policies and organized management structure and communications teams.	There was a lack of strategic planning involvement at that time. Recent Saudi CSR development identified by the researcher argues that CSR national competitive engagements encourage Saudi firms to utilize modern corporate strategies and other managerial efficiency and effectiveness techniques.
(d) The lack of adverse impacts on the recognition of business activities in environment and individual health.	This is related to environmental protection, human labour, and social care, which are related to social obligations and social developments.
(e) The lack of pressures and drivers to bring attention to these issues from the media, the regulators, consumer groups, and/or researchers.	In a real sense, this is not a valid realistic argument to represent Saudi CSR advocators and promoters at the current time. There are many attempts via the Saudi media to raise awareness on CSR issues and their role in society, for example what the public would anticipate from Saudi companies. Many national CSR conferences have been held since then to establish unified agreed directions for CSR implementation and development among organizations seeking CSR in Saudi Arabia. More academic and research interests have been gathered in this area. This research is an example of the latter.

Table 4: Tamkeen's (2007) Study – Analytical Analysis and Conclusion<sup>25</sup>

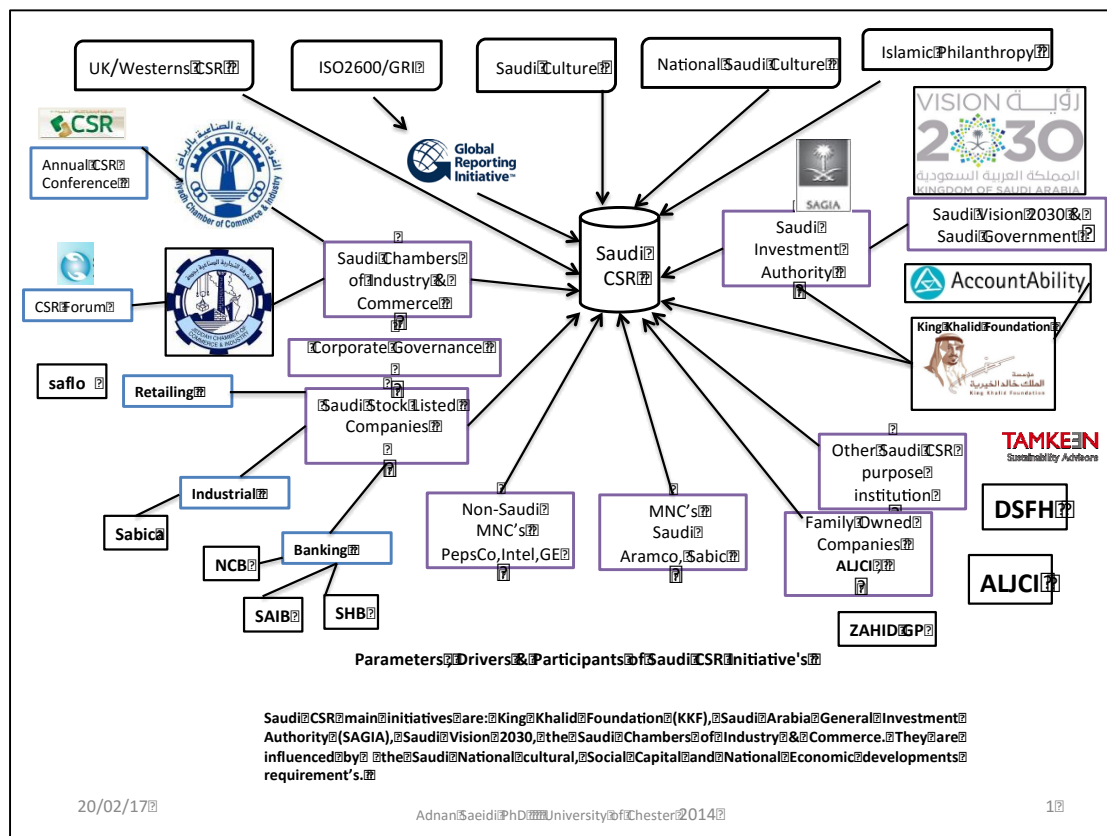
### 3.7.3 Parameters, Drivers and Participants in the Saudi CSR Initiatives

Saudi CSR has developed since its official introduction in 2007, where Saudi CSR advocators have been setting out many CSR initiatives aimed at assisting in the social development of the country. The analysis of the Saudi CSR resulted in the formation presented in the chart below, which should be considered as part of the findings of the current research. It has been introduced here in a retrospective to the findings to achieve the purpose of this section.

<sup>25</sup> Adopted and sourced from: <http://www.tamkeenconsult.com/projects2.htm> (2007)

A ‘picture speaks a thousand words’; hence, the sketch below shows the study’s initial findings for the Saudi CSR scopes and drivers in the country. It focuses on and explains the instigated picture of the Saudi CSR’s development and the most influencing external and internal factors, which are combined with the most locally crucial CSR elements. It can be noticed that all activities of CSR introduction and organization are not coordinated among the various semi-governmental and governmental official bodies.

Figure 12: Retrospective Findings of the Current Saudi CSR Scope



Source: Contribution of the research; researcher's findings.

Figure 12 aims to present an overall picture of the main influencing factors and drivers resulting in the formation of CSR initiatives in Saudi Arabia at the current time, and in accordance with the outcome of this research. They are: Western CSR principles and implications representing the generic CSR concepts, ISO26000 and GRI social reporting representation of international CSR principles for CSR harmonization across the globe, the nature of the local Saudi culture context, the notion of national Saudi development including national social and economic developments, the Saudi government's involvement via the Saudi Chamber of Commerce and various ministries, SAGIA CSR promotions and the introduction of responsibility competitive initiatives (RCI) and the Saudi Arabian responsible competitiveness Index (SARCI)<sup>26</sup>, and the King Khalid Foundation initiatives for

<sup>26</sup> Saudi Arabia comes in at 29th, losing four places mainly as a result of a deteriorating macroeconomic environment following the drop in energy prices. The country has recently revealed its ambitious economic development program, which aims at widespread diversification of the economy in order to reduce dependence on oil by 2030. Achieving higher diversification will require building capacities in high-end industries

social developments. This chart is part of the research findings and the results of the analysis of the Saudi CSR drivers.

#### **3.7.4 CSR Context in Saudi Arabia**

The Saudi CSR context is related to the Saudi conceptual model, which the research aims to formulate. The section serves as an initial introduction to the Saudi CSR debate; it explores the Saudi CSR model, its formulation, and the context debate.

It can be argued that the debate about CSR has grown rapidly over the last two decades. There are many reasons for this growth but one of the main drivers has been the spread of globalization, which has accelerated the advantages as well as the disadvantages of economic development throughout the world. In fact, since more and more countries have participated in the global capitalist system, the role of business has taken on an ever more decisive role across all levels of society. However, the very nature of an increasingly interconnected global economy makes diverse societies deal with and react to the economic changes differently and this is crucially important. As trade barriers come down, industrial investment globalizes and national governments experience a corresponding decline in power; issues such as sustainable production, labour, or indeed the cultural and social implications of development cannot be market placed. Saudi CSR's globalization influences are part of the drivers but they are not entirely governing the CSR initiatives. For some Saudi companies, like Aramco, global CSR expectations could play a crucial part in their CSR development, where globalization is often combined with the environmental expectations relating to the impact of a company's direct activities on natural resources and the global environmental issues. Saudi MNCs have become closer to the rest of the world, and especially Saudi petroleum manufacturing and other companies utilizing any form of natural resources and putting emissions into the atmosphere. Hence, other industrial production regulations like ISO9000 can organize their involvement. CSR activities are undertaken as part of their commitment to their society and to the fulfilment and gratification of cultural obligations.

Tamkeen's (2007) study concluded that CSR generosity and contribution to society are not new philanthropic behavioural patterns of Saudi businesses. There is a great history of charitable donations and philanthropic behaviour characterizing Saudi companies and their

local communities. Tamkeen's study identified that Saudi companies should speed and enhance their efforts, thus enhancing their social contribution to their society and making it more effective in facing the development challenges. This requires the institutionalization of an integrated approach to development linked with human development, social progress, and the preservation of environmental and cultural capitals (Tamkeen, 2007).

The above conclusion could represent an initial definition of the CSR scope in Saudi Arabia. It suggests that Saudi businesses ought to contribute to Saudi society's social development in a non-voluntary fashion. Hence, it can be argued that this implies that Saudi CSR is often considered as a national development issue by many academic and CSR promoters and that it is mostly concerned with the social obligations of Saudi society, which are non-voluntary and imposed on Saudi companies. If the Saudi government provides the Saudi population with the basic necessities of life, why are Saudi businesses willing to provide more than this? The issues are even more sensitive when it comes to placing obligations on non-Saudi companies operating in Saudi Arabia.

Furthermore, it can be observed that Saudi companies embarking on CSR projects in Saudi Arabia should be more effective with respect to improving their efficiency and performance. Consequently, this is the best measure for the success or failure of their CSR project incorporation and implementation. Although Saudi business environments have been evolving for the last 50 years, there are still developmental challenges facing both the business community and the country. The above definition indicates that most Saudi business leaders believe that CSR is the answer to overcoming most of those challenges. Creating an 'integrated approach development' based on CSR contexts is deemed to be the answer.

### **3.7.5 Saudi CSR Conceptual Model**

It can be noted that CSR conceptual models, in general terms, must be consistent with the following criteria: (a) They must be based on accepted management theories, systems and tools so that managers do not feel they need to abandon the familiar attributes of their context in order to utilize the citizenship model (Anderson and Frankle, 2000: 467–479). Besides, Saudi CSR should be associated with sound and recognizable CSR concepts in a general sense. There are many advantages to utilizing Western and international CSR proven principles, thus preventing Saudi companies from CSR conceptualizations that lead to abuses. (b) They must be concrete, that is sufficiently actionable rather than abstract. In other words,



Saudi CSR must be practical and it must reach its audience. It is suggested that it is not enough that CEOs should “do the right thing”; Saudi firms should be guided through the CSR process to overcome unique conceptualization and aid the appropriate CSR application targeting Saudi national CSR strategy objectives. (c) The models must also be measurable, producing results that can be anticipated and measured, besides being realistic about the capability of the Saudi firms to start with; hence, it is difficult and confusing to measure the CSR financial outputs and success. (d) The Saudi CSR model should accommodate the notion that Saudi managers should be spontaneous in meeting the Saudi social, national, and economic obligations and the implications for their firms. (e) The CSR model should assist managers in the decision-making process regarding the Saudi endogenous CSR issues. (f) Be able to test the outcomes and to be ready to adapt and change the contexts of the Saudi CSR model by evolutionarily taking into consideration the specific parameters of the culture and the endogenous Saudi CSR features, as the researcher argues (Flannery et. al, 2003:1141–1153).

Consequently, the researcher argues that the Saudi CSR model should consist of primarily Islamic philanthropic principles which govern Saudi organizations, the CSR planning of their leaders, and the decision-making processes relating to CSR activities.

Furthermore, within the proposed Saudi CSR model, the following components are introduced: Islamic corporate citizenship and the national social obligation, which focus on meeting the requirements of the following principles and notions.

(a) Building and contributing towards the Islamic social care systems within the country , which express primarily the provision of care for all sections of society in accordance with Islamic practice and beliefs; (b) Contributing towards the social developments and social sustainability obligations, which are demanded by the Saudi sociality. Also the contribution to the national social development plan of the country; (c) The contribution towards the national economic development obligations imposed on large Saudi corporations as a result of their national obligation towards the country’s economic development targets. In essence those mentioned themes and principles constitute the Saudi CSR endogenous characteristics..

### **3.7.6 Examples of Saudi CSR Context Activities**

In terms of the scope of the CSR context in Saudi Arabia's economic, social, environmental, and philanthropic developments, it can be argued that the area of developmental challenges correspond to the CSR context objectives within Saudi Arabia and provide the real-life examples and application of Saudi CSR themes or principles applicable to the country.

- ❖ Development of the challenging context (CSR scope project).
- ❖ Human development, for example Saudization, social capital.
- ❖ Existing foreign workforce replacement programmes.
- ❖ Reducing the rate of unemployment among the Saudi young population.
- ❖ Establishing a programme for Saudi women to participate in the workforce.
- ❖ Meeting the social obligations of Saudi society and the growing Saudi population.
- ❖ Participating in and introduction of social development programmes within education and training; non-Saudi workforce replacement by skilled Saudi workforce.
- ❖ Provision of social care for the ageing population.
- ❖ Economic social development and poverty elevation.
- ❖ Health care system provision; building hospitals, nursing homes.
- ❖ Shortage of children's homes.
- ❖ Protection and preservation of Saudi environments and prevention of wildlife disintegration.
- ❖ Preventing oil exploration impact on habitats.
- ❖ Water supply shortage and protecting natural resources.
- ❖ Preservation of cultural assets and heritage.
- ❖ Prevention of the disintegration of inherited traditional regional cultures.
- ❖ Prevention of Islamic culture deterioration.
- ❖ Introduction of elimination programmes for overcoming the Saudi tribal culture limitations and restrictions on social development of the Saudi tribal section of society.
- ❖ National social capital development (social capital).

Between the traditional notion of corporate charity and the emergent expectations of greater accountability to stakeholders, CSR is still a confusing term to many Saudi companies. While many companies in Saudi Arabia like to perceive themselves as engaged in CSR, a growing number of voices are sceptical about the traditional models and their corporate engagement with the public good. A 2006 survey of the top 100 Saudi companies revealed mixed views among business leaders regarding the concept of CSR, particularly in terms of the expected

role of business in society (Emtairah et al., 2009). Context, culture and faith, more than stakeholder considerations, are still dominating and shaping the CSR construct in Saudi Arabia, where the duty to give back to society through the Islamic pillar of Zakat is strongly prevalent. Since the transformation of Saudi Arabia into a modern state, certain changes have taken place in some parts of the country. The narrative of Aramco provides a familiar anchor for an alternative construct of CSR. From the 1950s to the early 1970s, Aramco played a pivotal role in building the nation.

### **3.8 Saudi Endogenous Corporate Social Responsibility Characteristics**

It is very useful to utilize the present research outcomes and recommendations to establish the Saudi national CSR strategy. Saudi endogenous CSR has characterized the notion of long-term direction and objectives. It is used to determine the required development and implementation of the Saudi national CSR strategy, for example Saudization.

Therefore, this feature and future requirements can serve as an input to design a national CSR strategy where possible; Saudization can be part of this strategy. Another example is Islamic philanthropy, which can be inputted into the Saudi national CSR strategy where the notion of Wakaf can be part of designing this strategy.

As it has mentioned at the beginning of this chapter, conceptualized Saudi CSR model was formulated to focus the literature reviews parameters. (See Figure 13, which shown on the next page).

Figure 13 contains the outcome of the literature review for the Westerns' CSR generic concepts, the pilot studies and other analytical analysis conducted on selected Saudi companies are formulated into the following model, which represents the Saudi CSR endogenous characteristics. It represents the conceptual Saudi model that the research aims to formulate. This model highlights the interrelationship between its components; such relationships will be explored together with the representation of the most debatable issues concerning Saudi CSR conceptualization.

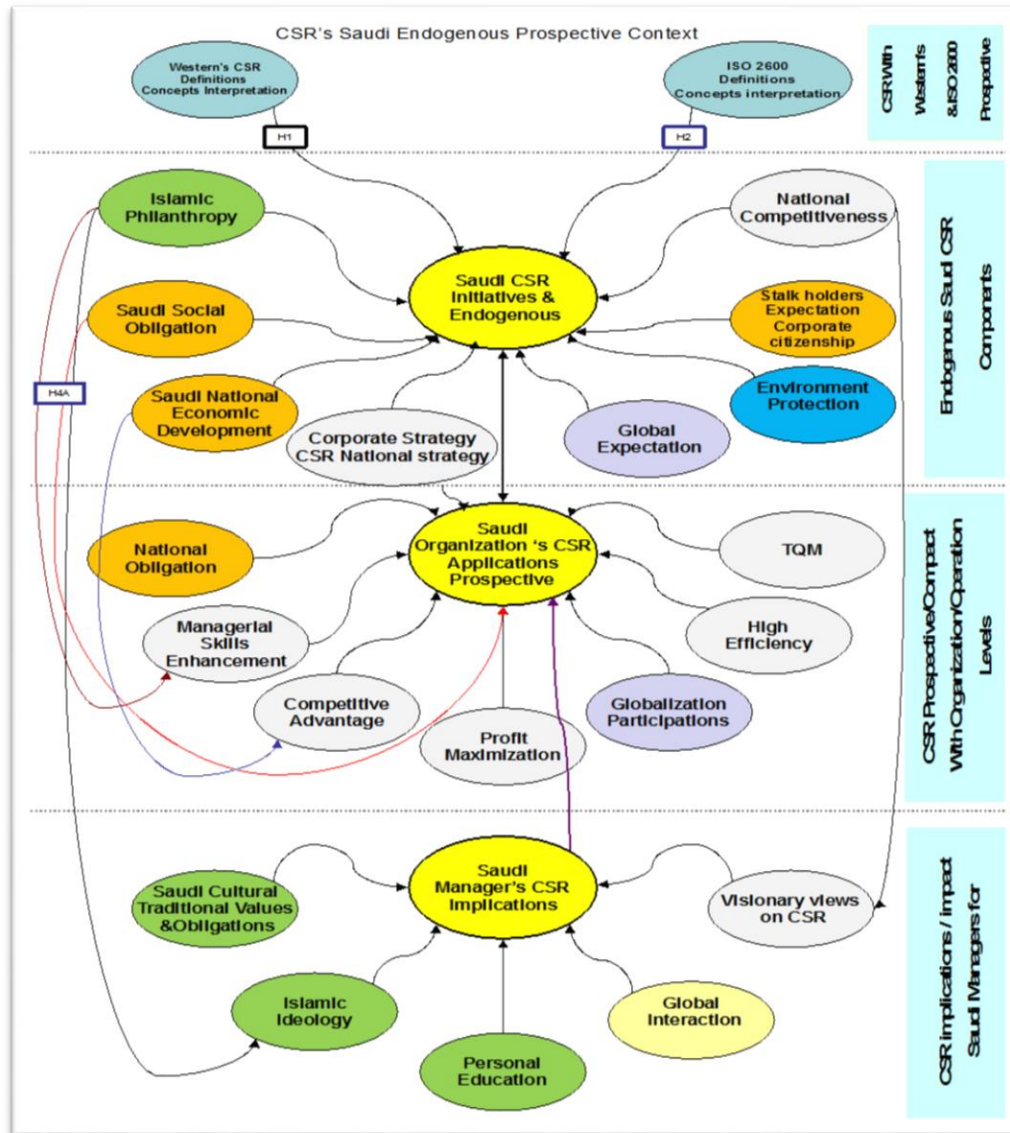


Figure 13: Saudi CSR Initial Saudi CSR Endogenous Characteristics Model

The above model illustrates the major initial Saudi CSR endogenous characteristics, which basically present the outline of the research together with answering the research questions via analysis and pilot studies. This model was formulated as an attempt to answer the research questions and to be used as a guideline for conducting the research through various stages. It is considered as part of the research findings in addition to being part of the literature review. The content of the model represents the Saudi CSR endogenous context which is formulated for the first time in this way. The context is evaluated over main three sections: (a) the Saudi implication impact on Saudi managers; (b) CSR application and implication for the organizational operational level of Saudi firms; and (c) the endogenous Saudi CSR components at the national level. Moreover, examinations are undertaken of the

major CSR influences of the Western generic principles and the ISO26000 concepts and practices that affect the Saudi CSR endogenous formation. The following sections present the components and other related Saudi CSR principles and concepts that are represented in the above conceptualization of Saudi CSR.

### **3.8.1 Islamic Philanthropy**

It is almost true that among the principal concepts of all religions is the concept of CSR, which can take different shapes and forms. Islamic philanthropy governs all individuals' philanthropic behaviour because, as indicated by early Muslims, ethical and philanthropic behaviour is based on deeply rooted Islam ideology and beliefs. According to Islamic teaching and literature, all Muslims are brothers and sisters and act as part of a big Islamic corporation to uphold social, environmental, and cultural Islamic concepts at all times. Islamic teaching encourages protection of the environment and Muslims are always united over what they should do regarding, for example, the environment, social care, education of children in need, equal opportunities in work, equal pay, and so forth.

Similarly, it is known that the social and global Jewish network is far more sophisticated than the best charitable organization today, and it is considered by many to be one of the largest CSR projects in the world; for example, the Global Jewish Assistance and Relief Network founded in 1992 and The Jewish Federations of North America. The same can be said about many philanthropic and international projects and activities; for example, SAVE AFRICA, the Muslim World League, and Muslim Aid.

According to Ahmad (2002), CSR from the Islamic viewpoint is different from Western theories in that its approach is holistic. It has a spiritual view that is founded on the Quran teachings and Al-Sunnah whereby an appropriate philosophical framework is provided purposely for the interaction between humans and nature and even with other human beings. The world view of Islam begins with the concept of God's oneness dominating heaven, earth, and even what is inside the earth. Islam represents itself as a comprehensive code of life and not just as a religion. Literature, law, economics, socialization, and politics are examined by the Quran. The values and principles that have been in place since the time of Prophet Mohammed serve as the foundation of CSR in Islam.

The fundamentals of Islam convey all Muslim daily activities, which include philanthropy, referring to belief and faith, ibadah (worshipping), and ALkhaq, which refers to morality and

ethics. In secondary fields, such as economics, business, and other activities, the manifestation of these fundamentals needs flexibility and development in accordance with time and space. Therefore, in Islam the idea of CSR is always subject to change depending on the various needs of the community and society. According to Islam, a human being represents God and God is responsible for the Creation. Since the human being is God's representative, s/he therefore has an obligation to look after the creation of God. The CSR concept in Islam covers an extensive meaning, in that it embraces the consciousness dimension, which is referred to as the Taqwa.

In all situations, groups of individuals take up different roles and responsibilities as servants. According to Hassan (2002), the values of truthfulness, fairness, kindness, and uprightness inspire the relationship with God rather than values such as envy and discrimination. This is normally manifested in various activities in business and even in the relationship with all the stakeholders.

The concept of charity and charitable donation to societies is in essence the foundation of most CSR projects in Saudi Arabia. Wakaf in Islam is another presentation of CSR. It characterizes a situation where rich merchants and wealthy individuals donate large sums of money or capital assets to establish a charity project. Hence, the donated funds are used continually for sustaining and achieving Wakaf's objectives; examples of Wakaf include looking after unwanted children, water irrigation, and school education. Thus, it can be said that both 'charity' and 'Wakaf' are considered as examples of corporate philanthropy.

Therefore, the research aims at introducing the concept of Islamic philanthropy which appeared on the website of the World Congress of Muslim Philanthropists (WCMP) as a tool for Muslim corporations, where it is referred to as "socially responsible corporations". According to WCMP, it is related in principle to "accountable giving" which can be explained as the requirements of Islamic corporations to be accountable for their philanthropic contributions to their societies. WCMP suggests that Islamic philanthropy should not only promote local Islamic societies but it should also characterize the social investment opportunities present in the wider Muslim world. Islamic philanthropy is defined by WCMP as a phenomenon that is "driven by the compassion that is intrinsic in Islamic values, Muslims should reach out to the destitute and oppressed, irrespective of their gender, ethnicity, or religious belief."

WCMP suggests that there is a need to utilize corporate Islamic philanthropy for the most social needs and this requires the application of advance strategic philanthropy. Consequently, the latter arguments suggest that Islamic corporate philanthropy should be associated in principle with the corporate and business strategy of Saudi Muslim corporations. The mission of WCMP states that “WCMP is committed to advancing strategic giving by leveraging the most effective use of knowledge, wealth, and influence among the Muslim philanthropists. It aims to build a culture of enduring engagement where Muslim donors collaborate with each other, and emerge as a significant, distinctive and vital component of the global philanthropic community.”

In fact, the above mission can be closely related to the purpose of utilizing the Saudi endogenous character of Islamic philanthropy in Saudi Arabia. Thus, some Saudi corporations not only contribute their wealth to local Saudi societies but also are seen to be engaging in other international social investments in other parts of the Muslim world. This advocates that there is a relationship between Islamic philanthropy and Muslim global expectations in promoting endogenous Saudi CSR philosophies. According to WCMP, the Islamic philanthropy strategic focus should be concerned with the following:

WCMP Islamic philanthropy	Equivalent interpretation within ISO or other CSR Western practices
Effective and Accountable Giving	Accountability for International Standards
Strategic Social Investment	Social and local, within the business core, related societal activities and promotions
Endowment (Wakaf) Revitalization	Formation of trusts, charitable organizations, defined long-term social care
Entrepreneurial Advancement	Skills gained in CSR corporation
Knowledge Ecosystem	Green issues and environmental protection Next generation philanthropists Public policy and advocacy Environmental stewardship

Table 5: WCMP Islamic Philanthropy and ISO Western Interpretation <sup>27</sup>

<sup>27</sup> Adapted from the source: <http://www.thewcmp.org/about-us>

The above table displays the possible relationship between Islamic philanthropy and the equivalent manifestation of the possible incorporation of Western and international CSR known practices, which could overlap with the context of Islamic philanthropy. Islamic philanthropy can be expressed consequently as CSR in Islam, where long-term social responsibility is met by Islamic traditional teaching, long-term solutions and the combined Islamic philosophies.

It can be concluded that in many aspects the deeply rooted Islamic culture in Saudi Arabia governs most of the contributions of Saudi companies, which makes their Islamic-based social responsibility contributions unique and distinctive. Hence, it can be described as bring almost voluntarily adopted, taking into consideration the reflection of matching this to their social responsibility needs, religion, and Islamic ethics.

The debate on Islamic philanthropy illustrates that Islamic philanthropy cannot be classified completely as Carroll suggests in his 1991 CSR model, as it is just ethical, and not economic as in the Three-Domain 2004 model he suggested. Islamic philanthropy activities form a large proportion of Saudi CSR initiatives and they should not be minimized to just being additional unexplained discretionary activities as in Carroll's 1979 CSR model. The latter will be discussed in detail in the next part of this chapter.

### **3.8.2 Saudi Social Obligations**

Social obligation can be related to the overall activities concerning directly or indirectly the social development and social sustainability of Saudi society in a general sense. Hence, social obligation is often recognized within the Saudi academic and national debate as social development and social sustainability. It can represent the Saudi CSR endogenous format, where Saudi companies are encouraged to positively and strategically participate in the national social development, becoming a partner with good corporate citizenship. Thus, accommodating this process and aiming at enabling Saudi society overcomes its social development restrictions related to the weak and needy sections of society and promotes prosperity and a good standard of living for all Saudi nationals and residents of Saudi Arabia.



Hence, social responsibility for Saudi companies can be related directly to the extent of the national affiliation (obligation) of the companies toward social development (social sustainability) of the nation, especially the companies' contribution to and performance toward intended sections of society that are concerned with the government's strategic development plan objectives and the various parts of the needy in the Saudi society. Besides, the consequent responsibility for business in terms of sustainability, which is a form of self-regulation for companies, leads to building a model for business based on the objective of achieving sustainability for both their own companies and society, in addition to total compliance with all legislation, and regulatory compliance and ethical standards as well as international norms. However, Saudi companies' CSR primary goal should be full compliance with all the requirements of the local community and national contributions to the country's social development projects as set out by the Saudi government and the strategic five year connective plans that are set out by the Ministry of Planning and Development.

Many aspects of the unique Saudi social obligation have been identified in the previous chapters. They are playing the most important part in driving the notion of CSR in Saudi Arabia. There is much evidence indicating that CSR is utilized to achieve the social obligation issues and projects aimed at national and social development goals and objectives. Some of these are: (a) Saudization: the employment of Saudi nationals and the replacement of a foreign labour force estimated to be in the millions at the current time; (b) women participating in the Saudi work force; empowering women and preparing them to assume leadership positions in both private and public sector organizations; youth training (male and female) and job development within certain sections of industry, (c) educational project participation at all levels of education, ranging from schooling to university; (d) provision of social care for all levels of Saudi society, including the elderly, special needs, and orphanages; (e) social development partnership with government ministries responsible for social development.

Social obligation in Saudi Arabia can be related to more than one dimension of Carroll's CSR model; some of it could be purely related to social care and therefore social issues. At the same time it could fall within the social development and social sustainability category which is related to the economic section of the model. Later on in the study, Carroll's Three-Domain 2004 model was used in connection with both the 1979 and 1991 CSR models for the interpretation of each Saudi CSR sub-evidence feature as appropriate.

### **3.8.3 Corporate Citizenship and Shareholder Expectation**

Saudi CSR suggests the involvement of corporate citizenship and shareholder expectation, or shareholder theory. Saudi CSR is a continuation of the generic CSR prime parameters and principles. Tamkeen's study indicated clearly that Saudi CSR is based on corporate citizenship and on Saudi society's expectations of Saudi companies.

If the company gives sufficient consideration to its ethics and responsibilities, the customer will become loyal to it and will continue to buy from the company even in the worst times of recession. Win the employees, if a company is proactive in its ethical consideration and activities, it will attempt to satisfy the employees and generate satisfied customers as well, because a satisfied employee can only produce satisfied customers (Post et al., 2002).

However, in our daily lives we meet several organizational cases that create a direct impact on society and forge the ethical practices of the society as well. In order to solve the different ethical issues, private organizations must work with government organizations to ensure the safety of their employees by protecting them from any kind of environmental hazards. Thus, there are several models in business that deal directly with the ethical issues and provide guidance on better ways of solving those problems (Castka et al. 2004: 216–224).

Actually, it has been noticed through the document analysis of the Saudi listed companies that the managers of those companies fear communicating their profitable financial statement to the public if they do not have a CSR policy in place. This is due to social responsibility and stakeholder expectation, which could be represented by demands for social and economic development contributions. If a company declares a respectable annual profit, it will be viewed as largely responsible for and committed to the notion of participation in the national economic development and social responsibility of Saudi society.

Within both the Saudi and Western contexts, it can be argued that in modern times no Saudi organization can excel in its operation without considering the interests and social expectations of its stakeholders, because they are the real base for company profitability and consequent sustainability. Saudi organizations need to be more society centred because this can help them to expand their business operations at a global level. They will generate prosperity for their societies and become more competitive and more responsible for their stakeholders' expectations of promoting the local economy and improving the living

standards, and thus they will gain competitive advantage over their rivals. Furthermore, it can be argued that, taking into account the importance of ethical considerations; they can reap direct competitive advantage and support for the brand of the company worldwide. Corporate citizenship and stakeholder expectations are governed by Islamic principles, like everything else in Saudi Arabia. Good corporate citizenship can be achieved via good Islamic corporate governance, which will be explained in the next section.

#### **3.8.4.1 Islamic Corporate Governance**

CSR in Saudi Arabia is deeply rooted in and interlinked with Islamic accountability, which can provide the foundation for important corporate social governing elements; such as accountability, which is intertwined with Muslims' belief in the unity of God (Allah), the Day of Judgment, and the human stewardship (Kilafah or vice-regency) of the earth. Such belief has two crucial implications for corporate governance. First, corporations are required to pursue socially responsible policies. A publicly traded corporation is not merely a wealth-generating engine for its shareholders as, for instance, Milton Friedman advocates, but is rather a juridical person with social functions and responsibilities. Therefore, the Islamic view of social responsibility coincides with the modern corporate 'socially responsible' literature and standards, such as the conservation of natural resources and the charitable contribution to the community. Second, the Islamic perspective of accountability furnishes the foundation of the enforcement framework of corporate governance principles.

Generally, an Islamic enforcement framework consists of two main components. The first is connected with afterlife accountability to Allah and applies to all individuals. Every person will be held accountable on the Day of Judgment for his or her actions in life. A strong belief of such inescapable accountability may encourage Islamic corporate governance principles, namely the ones intertwined with Islamic teachings such as fairness, social responsibility, transparency, and trustworthiness. The second is related to the enforcement of corporate governance principles in this life.

Stakeholders, such as Saudi society and the government (as the people's representatives), have to ensure the application of the corporate governance principles on an equal basis. Islam stands strongly against any selective application of its rules or standards. On the other hand, the enforcement standard of corporate governance might be increased if a clear connection between modern corporate governance principles and their Islamic counterparts was

emphasized. Such a move is expected to raise the degree of approval of the corporate governance principles by Islamic society, especially in countries consisting of religiously conservative citizens such as Saudi Arabia. Unfortunately, Saudi corporate governance rules (SCGRs) have ignored the significance of such a connection by not linking its rules with Islamic teachings. For instance, SCGRs do not incorporate the Shura principles and do not emphasize the importance of disclosing material information to Muslim investors and stakeholders.

Consequently, perhaps the Saudi Capital Market Authority may need to rethink its current approach of implementing corporate governance in the country, which merely focuses on complying with international standards, toward a balanced approach that takes national and social capital development factors into account. A step like that, if taken, would promote good corporate governance which can play a positive role in the promotion and the implementation of what this thesis introducing regarding the suggested CSR guidelines in connection with the introduction of the Saudi national CSR strategy system and will be introduced in the recommendation section of this thesis.

### **3.8.5 Environmental and Global Expectation**

Environmental and global expectation is a new class of Saudi CSR endogenous characteristics. Environmental expectation is related to large Saudi MNCs that are operating in other countries across the world. How are these companies reflecting on the notion of local Saudi CSR and vice versa when they are based in other countries? CSR variation policies will answer this question. Saudi CSR is locally affected where the Saudi MNCs attempt to promote and/or implement the same application of modernized CSR policies imported from other sections of the company operating in other part of the world. However, adaptation is necessary for applying each CSR policy within the scope of Saudi Arabia, which is due to endogenous cultural Islamic expectations and responsibility for the social and economic development of the country.

The global implications of the Saudi CSR have been apparent since Saudi Arabia became a member of the G22 and a partner in many international environmental protection agencies. Consequently, there are many global environmental regulations imposed on Saudi large

petroleum companies, because their related petroleum refineries activities are dispersed over many countries of the world. For example; Aramco, SABIC and so on.

Hence, in general term other large Saudi companies, who are engaging on growing their business operations across the globe. They are seeking for the approval of international market export/import standardizations, which enable them to expand their products and services in the future. This can be evidenced clearly by Saudi companies joining many applicable ISOs' projects voluntarily and especially in relationship to the environmental protection.

Although it has been argued that the protection of the environment is part of Islamic teaching for both individuals and the company, Saudi companies still seek to promote the concept within the boundaries of Saudi Arabia, as the country becomes an active member of the UN programme for environmental protection in the Islamic image and fashion.

### **3.8.6 Global Competitiveness Index**

The global competitiveness index (GCI) was established via the World Economic Forum, a non-profit global organization set up in 1971 in Geneva.

The World Economic Forum, committed to improving the state of the world, is the International Organization for Public-Private Cooperation.

The Forum engages the foremost political, business and other leaders of society to shape global, regional and industry agendas.

It was established in 1971 as a not-for-profit foundation and is headquartered in Geneva, Switzerland. It is independent, impartial and not tied to any special interests. The Forum strives in all its efforts to demonstrate entrepreneurship in the global public interest while upholding the highest standards of governance. Moral and intellectual integrity is at the heart of everything it does.

Our activities are shaped by a unique institutional culture founded on the stakeholder theory, which asserts that an organization is accountable to all parts of society. The institution carefully blends and balances the best of many kinds of organizations, from both the public and private sectors, international organizations and academic institutions.

We believe that progress happens by bringing together people from all walks of life who have the drive and the influence to make positive change.<sup>28</sup>

As introduced in chapter 2, the Saudi Arabian General Investment Authority (SAGIA) was established in 2000. Under its 10 Initiative, it sought to establish Saudi Arabia as one of the world's ten most competitive economies by 2010 and to promote legal and fiscal reforms that facilitate increased competitiveness. SAGIA is supporting a number of initiatives that build on Saudi Arabia's foundation for corporate responsibility to support and increase responsible business practices in the Kingdom. These include the introduction of the Saudi Arabian Responsible competitive index (SARCI). It is aimed at Saudi companies and was launched in 2008 as a result of the recommendations issued in a report titled 'CORPORATE SOCIAL RESPONSIBILITY (CSR) IN SAUDI ARABIA and GLOBALLY: Key challenges, opportunities and best practices'<sup>29</sup> from a summit held in Riyadh and hosted by Harvard Kennedy School CSR Initiative, SAGIA, and the King Khalid Foundation in cooperation with AccountAbility, the International Business Leaders Forum, Tamkeen Consulting, Tomorrow's Company, the United Nations Office for Partnerships, and the World Bank Institute.

SARCI's function is to assess the leading businesses in Saudi Arabia on the basis of their strategy, management, stakeholder engagement processes, and social, environmental, and economic performance systems.

Although, the above-mentioned summit participants were the primary key players in setting up the first CSR initiative in Saudi Arabia, it can be noted that there was a lack of local academics and research studies related to Saudi Arabia in this summit and also representation of some Saudi CSR leading companies such as Aramco and NCB. Hence, the initial introduction of SARCI and CSR to Saudi Arabia have been influenced by international dimensions or factors, where it can be argued that the summit participants were representative of Western CSR influences such as the Harvard Kennedy Business School and AccountAbility, even though Tamkeen Consulting had not conducted in-depth CSR analysis in Saudi Arabia prior to the summit. Equally, it can be argued that the representation of local Saudi expertise was only seen at a minimal level at this summit.

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<sup>28</sup> <https://www.weforum.org/about/world-economic-forum>

<sup>29</sup> [https://www.hks.harvard.edu/mrcbg/CSRI/publications/report\\_33\\_SAGIA\\_leadership\\_dialogue\\_final\\_november\\_08.pdf](https://www.hks.harvard.edu/mrcbg/CSRI/publications/report_33_SAGIA_leadership_dialogue_final_november_08.pdf)

Furthermore, SAGIA was set up to establish the Saudi economy as the world's most competitive economy by 2010. Consequently, it introduced SARCI and the King Khalid Foundation competitive index to the Saudi companies that lacked the notion of social sustainability (aimed at the development of social capital in Saudi Arabia) as a primary objective. It seems that economic intentions are the governing factors in the introduction of CSR initiatives in Saudi Arabia. The Global Competitiveness Report 2013-2014 indicated that Saudi Arabia was twentieth in the ranking of the most competitive countries in the world, dropping two places since 2010, but it remained among the top 20. Even recently, Saudi Arabia has dropped from being in twenty-fifth place in 2015/16 in this international index to twenty-ninth place in 2016/17. A consequent question is related to CSR and its success in promoting competitiveness among Saudi companies, although the deterioration of the position of Saudi Arabia within the competitiveness index could be attributed to other economic factors such as the sudden drop in oil prices and the high costs of local labour.

In January 2009, the inaugural King Khalid Awards for Responsible Competitiveness were awarded to several Saudi companies identified as leaders through the SARCI process.

When considering the above debate, one possible primary collision could of taking place, which lays between preparing and enhancing private Saudi companies to be highly competitive across the global market in one hand, and the imposed extra financial costs relating to the developments of the social capital of the country on those Saudi organization on the other hand.

Development of the social capital includes: Saudization of local workforce and employment of Saudi nationals; Saudi youth vocational skilled training; women's training and employment including Woman empowerments, which are considered as major hurdles in Saudi Arabia on the other hand.

Furthermore, those challenging factors mentioned above could be viewed as a major obstacle for achieving the vision and objectives of SAGIA, where it is targeting a high level of national competitiveness in the international arena and increasing the cost of developing human capital, which is mostly met by Saudi companies and the private sector.

Although the above-mentioned summit purpose was “to build awareness of and support for local capacity building for corporate social responsibility” and to exchange best practice<sup>30</sup>, it can be argued that the outcome and the recommendations of the summit were not implemented until now and seem impractical for Saudi companies, as discussed later on in chapter 6.

The summit report provides a synthesis of the discussion of the first leadership dialogue, and identifies the next steps to support CSR in Saudi Arabia. It included the term ‘responsible competitiveness’ which was used throughout the debate, and perhaps it means sustainability and ‘corporate citizenship’, which are primarily the parameters of the interpretation of CSR in Saudi Arabia as proposed by this thesis.

During the summit, Jane Nelson and the Harvard Kennedy School provided a brief overview of eight key global trends in CSR, which have relevance to the CSR agenda in KSA: “(i) CSR is becoming a competitiveness issue, (ii) A growing emphasis on strategic, competence-led philanthropy, (iii) A growing focus on accountability and transparency, (iv) New types of public-private partnerships to tackle complex global and national problems, (v) The emergence of industry-led business coalitions, (vi) New models of leadership and cooperation from key emerging markets in Asia, Africa, Latin America, and the Middle East, (vii) Integrating CSR into business schools and university curricula, and (viii) the growing role of the media in Saudi Arabia.”<sup>31</sup> Yet those trends need to be supported by empirical research on Saudi companies and it seems that there is a very little evidence in Saudi Arabia to support the above-mentioned trends. For example, there is apparent interest from the Saudi media on the subject, but not at an academic level.

“Responsible competitiveness is an essential ingredient for effective global markets”<sup>32</sup>; hence, most Saudi companies’ activities are targeted at local and Gulf Cooperation Council markets. The ideal Saudi market “blends forwards corporate strategies, innovative public policies, and vibrant, engaged civil societies underpinned by rules that support societies’

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<sup>30</sup> CORPORATE SOCIAL RESPONSIBILITY (CSR) IN SAUDI ARABIA and ... (2017.). Retrieved from [http://www.hks.harvard.edu/m-rcbg/CSRI/publications/report\\_33\\_SAGIA\\_leadership\\_d](http://www.hks.harvard.edu/m-rcbg/CSRI/publications/report_33_SAGIA_leadership_d)

<sup>31</sup> Ibid

<sup>32</sup> Ibid



broader social, environmental and economic aims”<sup>33</sup>, suggesting the implication of setting CSR regulations for Saudi companies and perhaps for CSR national strategy.

Responsible competitiveness also creates a new generation of profitable products and business processes. Support for the present notion of Islamic philanthropy in Saudi Arabia raised an important question that was not answered during the 2009 debate. It can be answered only by setting up a national CSR strategy. When undertaking a SWOT analysis, human capital can be seen as a threat for most businesses in Saudi Arabia, as Saudi labour is described as unreliable and inexperienced. The current research could overcome these factors as it raises awareness of CSR within Saudi companies, provides primary strategic learning about CSR incorporation via the questionnaire and interview exercises, enriches the academic materials for curriculum development of CSR in the courses at Saudi universities, and finally develops the debate in Arabic throughout the research.

The research main debate is that CSR in Saudi Arabia is deeply rooted and embedded within its Islamic culture and long-term practices. The current Saudi CSR initiatives have succeeded in attracting and energizing more and more Saudi companies to embrace some of the Western CSR generic concepts such as sustainability, stakeholder theory, and international competitiveness throughout their operations.

According to the Prince of Wales Trust, “Saudi Arabia needs some type of institutionalized way to tap into the best knowledge, tutoring, mentoring.” In fact, Saudi CSR initial initiatives were announced in 2007 in Riyadh by the late King Abdullah Bin Abdulaziz ‘May His Soul rest in Peace’, whereby he invited the Saudi private sector to participate in and assist with Saudi national economic development. His wording of what is known today as ‘social responsibility’ is confusing and vague to many Saudi managers.

This research displays the primary players involved in enhancing CSR among both public and Saudi companies. Prince Sultan (Head of SAGIA) expresses the need for the transformation of traditional philanthropy into more strategic philanthropy and social investment to meet the social and environmental challenges in Saudi Arabia.

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<sup>33</sup> Ibid

This research aims to give greater clarity to the notion of CSR and to explain its development in Saudi Arabia and to show the unique endogenous CSR characteristics associated with the notion of international competitiveness.

It can be argued that by implementing corporate CSR concepts both Saudi and non-Saudi companies can realize the following objectives: enabling foreign investment companies to promote and contribute to Saudi societal investments and allowing Saudi firms to become more efficient and more competitive, thus enhancing national efficiency and the country's standard of international competitiveness.

### **3.8.7 Saudi National Economic Development**

The researcher argued that, some of the specified Saudi CSR endogenous characteristics are confirmed by many Saudi academic and researchers. For instance, Ali and Al-Aali (2012), Ahamad and Amri (2013) and others. The national economic development of any country depends upon how companies tend to operate within the countries to contribute to economic sustainability. As times has passed, the relevance of sustainable economic development has increased. One view in Saudi Arabia argues that national economic development largely depends upon achieving the objectives of the national strategic plans for the nationalization and creation of jobs for local nationals and the training and education for young people (Ali and Al-Aali, 2012). The research argues that the need for alteration includes poverty alleviation and improving the standard of living, responding to the social obligation and development of the Saudi society, in addition to other CSR scopes like participation in national competitiveness, synchronizing corporate strategy to the Saudi national CSR collaborations, environmental protection, and Islamic philanthropic activities.

It is also suggested that Saudi companies have an integral role to play in the national economic development of Saudi Arabia. They remain responsible for the betterment of the society. Thus, it remains important that the CSR initiatives are aligned with the national development objectives (Robertson et al., 2013). Only with the aid of the CSR activities of Saudi companies can the national economic development goals of Saudi Arabia be realized, making the country prosperous and competitive and attracting foreign investments.

### ***3.8.7.1 National Economic Development Obligation***

In today's competitive environment, every country aims to witness national economic development. In simple words, national economic development fundamentally refers to the mutual development of both the country and its citizens. According to Ahamad and Amri (2013), the national economic development aim of Saudi Arabia revolves around: (a) the provision of a high standard of living, which in CSR terminology is equal to social obligation; (b) development of human resources, which in Saudi CSR refers to Saudization, youth training, women's employment and so on; (c) diversification of the economic base (national economic development), initiating a new local project aiming to provide new economic resources to both Saudi nationals and the country (MAADEN) and ultimately increasing productivity in the economy (national competitiveness), which is managed by the SAGIA objectives and goals.

These objectives are extremely diverse and difficult to achieve. Therefore, the voluntary contribution of Saudi companies remains integral and crucial to the national economic development of the country and its own sustainability. The ninth development plan for Saudi Arabia created important objectives to be achieved, which indirectly contain the Saudi CSR scope. For example, according to Ali and Al-Aali, (2012) and in light of the current and expected global conditions, the development plan particularly focuses on enhancing economic growth rates, which cannot be achieved without the complementary comprehensive social development plan of ensuring stable prices within the economy, which aims at maintaining a low cost of living for Saudi citizens, thus enhancing their social affairs and making the exchange rate of the riyal stable at core.

- ❖ “Striving for the maximum development across the Kingdom of Saudi Arabia”<sup>34</sup>, which aims at geographical equalization of local development, thus supporting Saudi CSR endogenous characteristics of national economic and social developments.
- ❖ “Making the structure of the national economy extremely diverse”<sup>35</sup>, which could be related to enhancing national competitiveness and globalization.
- ❖ “Enhancing the contribution of the private sector to the economic development”<sup>36</sup>, which is a representation of a voluntary invitation by the Saudi government to participate in the economic and social development sustainability of Saudi society.

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<sup>34</sup> Ali and Al-Aali, (2012)

<sup>35</sup> Ibid

<sup>36</sup> Ibid

- ❖ “Enhancing the employment rates of the Saudi labour”<sup>37</sup>, indicating Saudization, youth training and education, women’s employment and so on, which are all part of the Saudi CSR scope, i.e., social obligation.
- ❖ “Making the stock market efficient”<sup>38</sup>, which could imply linkage to the notion introduced by the research to include CSR corporate governance and aligning it within the suggested Saudi national CSR strategy.
- ❖ “The overall social development of the country”<sup>39</sup> which could be related to supporting the basic social care systems, poverty elevation, Islamic philanthropy aimed at social development, and so on.

All these aims represent important insights relevant to the national economic development of the country, but they also exhibit related implications for the Saudi CSR scope and future, and their currently possible role. The insights confirm that Saudi CSR endogenous characteristics are inseparable in many aspects, including this notion at hand. However, one of the most important conclusions reached is that Saudi national economic development cannot be achieved independently by government effort alone (Kinderman, 2015) and that the Saudi CSR can be one of the vehicles for overcoming such difficulties.

Therefore, in order to maximize national economic and social development and sustainability, it remains increasingly important that the companies within Saudi Arabia also contribute to national economic maturity and social development sustainability. According to Salem (2014), there is no doubt that Saudi companies essentially contribute to the overall economic enhancement of the country. However, it is also important that the Saudi companies remain involved in CSR initiatives since CSR is integral to the overall national economic development of the country (Rajhi et al., 2012).

### ***3.8.7.2 The Role of CSR***

The strategic significance of companies for national economic development is constantly increasing. In countries like Saudi Arabia there is a need to create vital economies. CSR contributes positively to the creation of a highly valued economy and national development. There are even times when national development and CSR are assumed to be integral to each other (Robertson et al., 2013). In simple terms, it can be suggested that it is important for

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<sup>37</sup> Ali and Al-Aali, (2012)

<sup>38</sup> Ibid

<sup>39</sup> Ibid

Saudi Arabia to ensure the appropriate engagement of business companies in societal affairs in order to realize the active contribution of capacity building. The role of CSR can be gauged from the fact that without the active contribution of companies, the objectives of national economic development cannot be achieved (Kinderman, 2015).

The role of CSR becomes more important as it contributes to the national competitiveness of any country. People often wonder how CSR activities are important for the competitiveness of any country. According to Alzalabani et al. (2013), the simplest answer to this is that the national standing of any country depends upon the wellbeing of its citizens and that is indissolubly associated with the environmental, technological and competency challenges. The increased challenges that any country faces can only be coped with by taking corporate initiatives in partnership with the government. According to the United Nations Industrial Development Organization report, the developmental challenges of the countries can only be managed if the corporations create partnerships with the governments (Rajhi et al., 2012). Therefore, the contribution of the companies via their CSR projects remains vital and integral to the national economic development of Saudi Arabia, and especially to the development of the social capital of the country, as recommended in the Saudi Vision 2030.

Mandurah et al. (2012) suggested that the government of Saudi Arabia essentially requires the contribution of companies in terms of CSR. This is mainly because the companies can play an integral role in the development of a sustainable environment, water conservation and healthy living within the country. One of the most important challenges that the government of Saudi Arabia encounters is related to the transition to a green economy to ensure the sustainable development of the country (Garcia et al., 2013).

Saudi Arabia is essentially one of the most prominent of the countries that are focused on issues of urban planning, organic agriculture, and overall national economic development. Since national economic development is one of the major focuses of Saudi Arabia, Saudi companies and their CSR activities remain important (Kinderman, 2015). CSR activities can be seen as an important and integral aspect of national economic development.

### ***3.8.7.3 CSR and Development***

It would not be an overstatement if it is suggested that Saudi Arabia is among the world's largest enhancing economic powers. Gause (2011) observed that Saudi Arabia has been blessed with immense natural resources and it also possesses an effective political relationship with the West. Saudi Arabia has essentially become extremely responsive to the economic priorities set by the Western nations. The management of traditional political and social systems becomes an integral aspect for achieving economic development priorities. The national economic development of Saudi Arabia can only be realized if there is a rate of growth in the gross domestic product, development of human resources, and diversification of the economy (Robertson, et al., 2013). In a broader context, the national economic development plan revolves around technological assimilation, enhancing scientific experimentation, promoting the role of Saudi Arabia in the global economy, expanding services that are offered to the citizens, and protecting the environment, natural resources, and wildlife.

One of the most important aspects to analyse in this regard is related to the fact that the national economic development priorities of Saudi Arabia revolve around the enhancement of the skills of the citizens. According to Alzalabani et al. (2013), this remains extremely important to enable the citizens to maximize employment opportunities and productive activities. All these activities result in strengthening the competitive position of the Kingdom (Ali and Al-Aali, 2012). The KSA ought to have flexibility in its approach in order to deal with the global economic environment. Thus, the relationship of the national economic development goals of Saudi Arabia to CSR becomes prominent. This is mainly because the national corporations contribute immensely to domestic and global economic development. According to Salem (2014), without the CSR activities of the Saudi companies, it is difficult to achieve the national economic development plans.

It is suggested that the partnership between the government and business is fostered through the CSR activities. CSR is meant to ensure good governance within and outside business organizations (Garcia et al., 2013). The ethical domain of the corporations urges the Saudi companies to remain focused on the health and welfare of society. Mandurah et al. (2012) suggested that CSR is nothing more than the overall contribution of the businesses to the sustainable national economic development. Within the Saudi context, the contribution of companies through CSR activities becomes prominent. This is mainly because both the

government and the companies intend to broaden the scope of cooperation between business, government, and civic organizations. All the goals of CSR are supported by the government in some way.

#### ***3.8.7.4 Challenges in CSR and Development***

It becomes increasingly important to realize that it is not easy to implement the CSR concept within Saudi Arabia. Gause (2011) pointed out that the formal evolution of CSR activities within Saudi Arabia can be easily divided into three phases. The first phase was related to environmental, philanthropic, and charitable activities. For instance, Saudi Aramco became the first organization to create an environmental protection policy in 1963. This focus resulted in urging the government to formalise the enactment of the Saudi Wildlife Commission. Moving on, the second phase encompassed improvements in productivity and competitiveness. The development of SAGIA in 2000 was an important initiative in this regard. The authority aims to ensure rapid and sustainable economic growth and to foster investment opportunities at the core.

The third phase, the era of 2010-11, can be seen as an important point within the evolution of CSR activities (Alshareef and Sandhu, 2015). During this stage, CSR became an economic and political priority relevant to the social cohesion and leadership of the country. The government was keen to provide effective assistance to the needy and poor through direct financial help. Mandurah et al. (2012) suggested that the institutionalization of CSR was the basic aim of the government to ensure maximum national economic development in the country. For instance, in 2011 the Makkah Chamber of Commerce and Industry presented a two-day seminar on the participation of both private and public sectors in CSR activities, in addition to Jeddah and Riyadh Chamber of Commerce initiatives in 2012 and 2013. This and other events make it clear how important CSR is for the overall national economic development of the country.

There is no doubt about the fact that the goals of the government for national economic development and the essence of CSR remain the same. Saudi Arabia is running a race for the social cohesion and economic development of the country. The CSR of Saudi companies essentially remains an integral instrument to achieve the governmental goals of national economic development (Alshareef and Sandhu, 2015). However, the implementation of CSR activities is not as easy as it is assumed to be. The important structural obstacles to the

integration of CSR activities within organizations relate to the strategic planning of the corporations. Many of the Saudi corporations remain small and medium sized companies. These companies neither generate high employment rates nor consider development goals as part of their CSR (Garcia et al., 2013).

According to Alzalabani et al. (2013), the national economic development participation of Saudi companies and the role of CSR in this regard remain immense. Gause (2011) illustrated that the relationship shared by national economic development and CSR can be seen as an important one. Without the appropriate CSR activities, the government of Saudi Arabia cannot meet its objectives relevant to national economic development (Alshareef and Sandhu, 2015). Although national economic development is not the responsibility of Saudi companies, they tend to play a substantial role in national economic development.

Therefore, it becomes increasingly important to analyse the fact that Saudi Arabia can ensure sustainable national economic development with the assistance of the CSR activities of its companies. Saudi companies are primarily responsible for the Saudi notion of economic development. They are considered the crucial element in future Saudi national economic development. Thus, they strongly link the sustainability of Saudi organizations with the development of Saudi economic sustainability: the two are inseparable and essential since they support each other.

The role of Saudi companies has become more crucial in recent years, with more development obligations placed on them by the introduction of restrictive human labour roles by the Saudi government, which are aimed at encouraging Saudi companies to be involved in Saudi national development and consequently the Saudi national economy, and enhancing the Saudi social capital. Partnership between the public and private sectors in economic development needs to be enhanced, as well as their role together with the imposed voluntary obligations on the private sector Saudi organizations in economic and social developments, which can be achieved via the calibration of CSR policies by Saudi companies abiding by the Saudi national CSR strategy, which is formulated and presented in this thesis the recommendation section.

An invitation to Saudi companies to contribute to the national economic development was extended through the public announcement by the Kingdom's ruler for the private sector to



participate in Saudi national economic development; where appropriate the Saudi national CSR strategy should have been introduced then. The invitation has lost momentum since 2007, and there is a strong need to reinstate this notion of setting up the Saudi national CSR strategy. Saudi companies can then easily synchronize their own CSR strategy and corporate policies with the relevant Saudi national CSR strategy designated objective: 3.8.8 Social development and sustainability

This section complements the section above and continues it. The notion of social development is another face of national economic development, but it is concerned especially with the social care systems and the long-term programme aimed at sustainable social improvement and prosperity for Saudi society; thus, it provides a basic social care system for people with disabilities and provides assistance for the needy section of society. Social development sustainability is a term introduced for measuring the notion of long-term social care and the national development of all societies in Saudi Arabia utilizing CSR Saudi endogenous initiatives.

Saudi society cannot prosper without establishing a strong foundation for a sustainable social development system linked to Saudi companies' CSR social care policies that contribute to the needy of Saudi society. Hence, this is essential for future sustainable social care and human capital development, especially as stated and aimed for by Saudi Vision 2030, and can assist in this process in the future.

### **3.8.8 Corporate Strategy, the Saudi National CSR Strategy**

Corporate strategies leading to the vision and mission of Saudi companies should be in line with the CSR policies or strategies suitable for companies' sustainability objectives. The analysis indicates that there are many Saudi companies that include CSR activities within their corporate strategy processes.

Incorporating a combined corporate/CSR strategy at an organizational level can be used to achieve many business objectives, including the following: (a) being able to maximize profitability and market share gaining competitive advantages; (b) becoming highly efficient via cost reduction and maintaining sustainable environments; (c) achieving comprehensive efficiency and effectiveness for the organization via implementing total quality management; (d) gaining managerial skills through implementing a human resource development strategy

relating to CSR social development concerns; (e) being able to accommodate the national obligations when preparing the organization to join the national competitiveness promoted by SAGIA.

The Saudi national CSR strategy is a new term introduced by the researcher; it can mean the accumulative agreed direction of both the private and public sectors over the intended path and objectives for CSR activities in Saudi Arabia. In essence, it clarifies what the intention for CSR is in Saudi Arabia and its purpose and implication at the national level. It can be related to the notion of national objectives for national, social, economic, and cultural development in connection with the role of Saudi companies and their participation in achieving those objectives. It can be defined as ‘the alignment of the country’s direction for national sustainability and economic development, and the direction and scope of organizing the CSR objectives to meet both their own sustainability and social development requirements and the national Saudi obligation’.

The introduced notion of international competitiveness provides support to create a national CSR strategy suggested by this thesis. Perhaps the same notions exist in many countries that are participating in the GCI initiatives.. However, the endogenous part is that Saudi companies are aligning their CSR strategy to the national, social, economic, and cultural obligations as part of being good corporate citizens and active participants in the Saudi society development programmes, and especially in enhancing the social capital of the country.

Part of the research is to provide a possible model for what the Saudi national CSR strategy should be. This is outlined in the results and recommendation section. The researcher argues that, in addition to the above, the objectives of the proposed Saudi national CSR strategy should include: (a) the ability to create national guidelines for CSR policies, implementation, and reporting; being able to synergize the organizational strategy with the direction of the Saudi national CSR strategy; (b) being able to achieve the objectives of the national economic goals; (c) being able to achieve the objectives of the national sustainability development goals and the national social development goals; (d) being able to create a minimum standard of CSR voluntary legislation for the Saudi capital market and being able to interlock the latter with the CML and corporate governance regulations.

Therefore, it can be argued that designing and establishing the Saudi national CSR strategy is essential and a crucial part of the enhancement stage of the Saudi CSR development in the future and especially to accommodate the Saudi Vision 2030 social capital objectives. Hence, the Saudi national CSR strategy can be expressed as the overall agreed direction on how to match the social responsibility of Saudi organizations to the social and economic development of Saudi society and the Saudi government's social capital expectations.

Additionally, the Saudi national CSR strategy can also be expressed as the strategic alignment of profit and non-profit organizations, their CSR policies and directions toward social development and their own sustainability. This alignment should include the intentions of the Saudi governmental official and semi-official large institutions.

Furthermore, the close interaction between Saudi companies and their national culture is unique. Business and culture obligations are intertwined and adjacent to each other. In fact, most Saudi companies see themselves as essential and active participants in the social development of Saudi society. Thus, Saudi companies are seen as seeking both their own sustainable business profitability and enhancing the social development of the Saudi population at large. Consequently, the above debate shows and supports the need to establish the Saudi national CSR strategy, where strategic guidelines are introduced to achieve these objectives for both Saudi companies' sustainability and Saudi society social developments.

Since 2007 several attempts have been made in Saudi Arabia to encourage Saudi companies to incorporate CSR in their own operations and to participate positively in Saudi social development and social capital. However, those efforts cause delay in the process and create vagueness in the national strategic direction; for example, the King Khalid Foundation and SAGIA CSR initiatives are not linked to unified Saudi national strategic objectives and they drive Saudi companies in conflicting strategic directions. Therefore, the example shows that there is a need to establish the Saudi national CSR strategy, where, as explained earlier, a national strategy direction can be established for Saudi companies.

Therefore, the thesis recommendation to establish and implement the Saudi national CSR strategy can be achieved by two major steps. The first is the introduction of CML regulation, where social reporting regulations are imposed on Saudi stock market companies. Thus, simple non-voluntary guidelines are introduced that require Saudi companies to report their

social responsibility activities in proportion to their profitability and in relation to Zakat contribution. The second is the introduction of Zakat deduction ability, where Saudi companies are allowed to deduct the cost of their CSR projects from their Zakat liabilities. This action needs to have a combined regulation for the way a possible deduction of this cost from the Zakat contribution is calculated with a possible option for the company to report on their voluntary CSR contribution and activities.

Many large Saudi companies undertake discussions and legal investigations about the issue of CSR cost deduction from the Zakat liability. The introduction of new non-voluntary social reporting via the Saudi stock market companies is an essential step that encourages and enhances the introduction of CSR in Saudi Arabia.

Equally, a similar proposal can be recommended for other Saudi non-listed or family owned companies that are officially registered for Zakat contributions and have annual Zakat calculated liabilities. Hence, the official government body responsible for collecting and estimating the annual Zakat perhaps can require voluntary social reports from those companies and self-employed nationals and residents. The same option as mentioned above can be offered to them: the CSR financial cost can be deducted from the annual Zakat liabilities<sup>40</sup>.

Therefore, it be concluded that the above cannot be achieved without the alignment of the company business strategy to the Saudi national CSR strategy. Perhaps in general terms it is indispensable that all Saudi CSR stakeholders<sup>41</sup> are engaged in the formulation, regulation and synchronization of the CSR induction in Saudi Arabia by establishing a strategic unified national CSR strategy that can accommodate both the Saudi national social and economic development objectives, including Saudi Vision 2030 social capital goals, and the Saudi companies' sustainability requirements.

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<sup>40</sup> Zakat deduction against CSR contribution can be allocated to the Zakat collection office that currently is the government body responsible for Zakat collection. It is proposed that the CSR financial contribution could be included in companies' financial statements and endorsed by local auditing firms, and then incorporated into the calculation of the Zakat liability.

<sup>41</sup> Listed and non-listed Saudi companies, other small companies, CSR practitioners, CSR major drivers, governmental bodies associated with promoting CSR in Saudi Arabia

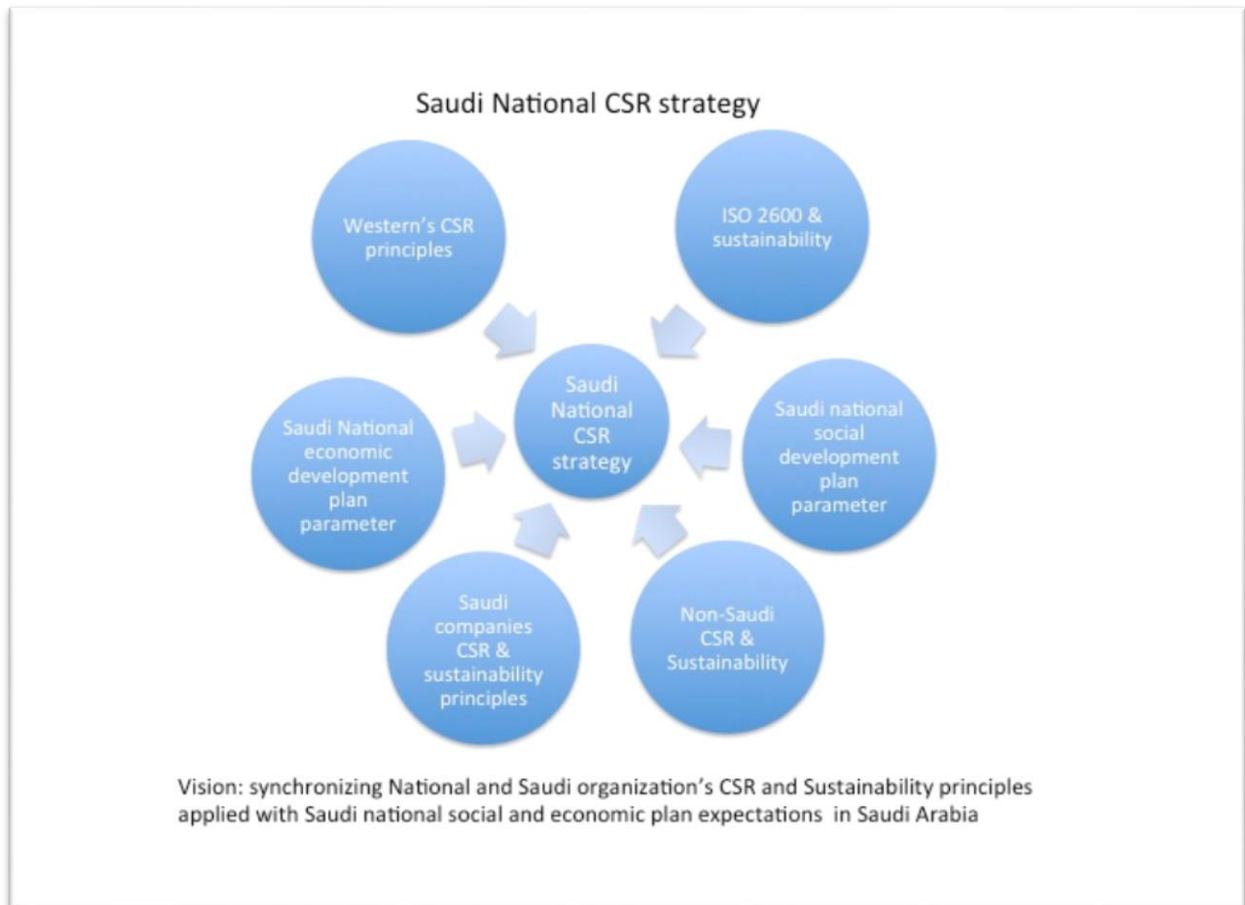


Figure 14: The Saudi National CSR strategy

Figure 14 shows the outline of possible influencing factors responsible for the formulation of the Saudi national CSR strategy in Saudi Arabia in general terms. Those components are explained in full within the recommendation section. (Please see the conclusion and recommendation chapter for the final proposed Saudi national CSR model).

## **CHAPTER 3: PART III**

### **3.9 Carroll's Models and Saudi CSR Interpretations**

#### **3.9.1 Introduction**

CSR is generally articulated as policies and practices “which reflect the business responsibility of some of the wider societal good” (Matten and Moon, 2008: 405). Matten and Moon (2008) suggests that CSR appears to be a concept that is spreading globally from its origins in Anglo-Saxon countries (Galbreath, 2010).

Furthermore, CSR has become indispensable in modern business discourse, yet identifying and defining what CSR means is open to contest. Although such contestation is not uncommon with concepts found in the social sciences, for CSR it presents some difficulty for theoretical and empirical analysis, especially with regards to verifying that diverse application of the concept, which is consistent or concomitant. On the other hand, it seems unfeasible that the diversity of issues addressed under the CSR umbrella would yield a singular universal definition. (Okoye, 2009).

Debates over CSR concepts have entered into the public domain over the past three decades or so. CSR generally means the company's obligation to contribute to the wellbeing of society. Despite the intensive debate-taking place among academics, consultants and corporate executives on CSR, the concept remains open to various definitions and understanding.

However, one of the most quoted conceptualizations of CSR within Westerns' countries is the model proposed by Carroll (1979, 1991), which is well known as the Pyramid of CSR. Many studies have provided empirical evidence of people's perceptions and understanding of CSR based on the framework of Carroll's Pyramid of CSR (Carroll, 1996).

Although many studies have been conducted on Carroll's conceptualizations of CSR across many Western's countries, Carroll's CSR interpretation and application have not yet been comprehensively conducted and tested in Saudi Arabia. Also, no attempts have been made to utilize Carroll's CSR classification in the categorization of the Saudi CSR model. Hence it has been mentioned in the introduction chapter that the present study attempts to gauge the

understanding of the Saudi CSR endogenous concepts in relation to Carroll's CSR suitable model.

Specifically, the study sets out to elicit the Carroll's conceptualization of CSR and the model's suitability and utilization for the Saudi CSR conceptualized model interpretation and analysis, which will be undertaken within chapter 5 and 6 of this thesis.

There has been no concrete definition of CSR. Zenisek (1979: 359) points out that "(CSR) means something, but not always the same thing, to everyone". Various management disciplines have noticed that CSR meets their purposes, such as quality management, marketing, communication, finance, human resource management, and reporting. Table 5 highlights some of the most frequently quoted definitions of CSR, which can be used for CSR model conceptualization. In general, CSR is taken to denote corporate activities beyond profit making, which include protecting the environment, caring for employees, being ethical in trading, and getting involved in the local community. Some of the main issues are promoting human rights, community involvement, human resource management, socially responsible investing, and social reporting (Dusuki, 2008).

Literature	Proposed CSR definition
Bowen (1953) as cited in Carroll, 1990	The obligations of businessmen to pursue those policies, to make those decisions, or to follow those lines of action, which are desirable in terms of the objectives, and values of our society.
Davis (1960)	Businessmen's decisions and actions taken for reasons at least partially beyond the firm's direct economic or technical interest.
Davis (1973)	Firm's consideration of, and response to, issues beyond the narrow economic, technical, and legal requirements of the firm.
Fitch (1976)	The serious attempt to solve social problems caused wholly or in part by the corporation.
Zenisek (1979)	The degree of 'fit' between society's expectations of business community and ethics of the business.
Jones (1980)	Notion that corporations have an obligation to constituent groups in society other than stockholders and beyond that prescribed by law and union contract.

Epstein (1989)	The notion that business organizations have societal obligations which transcend economic functions of producing and distributing scarce goods and services and generating a satisfactory level of profits for their shareholders.
MacLagan (1999)	It should be understood as a process, through which individuals' moral values and concerns are articulated.
McWilliams and Siegel (2001)	Actions that appear to further some social good beyond the interests of the firm and required by law.
Kok et al. (2001)	The obligation of the firm to use its resources in ways that benefit society, through committed participation as a member of society, taking into account the society at large, and improving the welfare of society independently of direct gains of the company.

Table 6: Summary of CSR Definitions (Dusuki, 2008).

The above table shows examples of various way of defining CSR; however, it can be argued that the CSR model categorization and conceptualization are crucial for understanding and appreciating CSR real-life implications in any country across the globe and especially in Saudi Arabia. Furthermore, defining CSR provides basic understanding and certain single or general viewpoints, which could not assist in CSR conceptualization in the country in question. Hence categorization and conceptualization are an attempt to simplify the CSR approach and make it easy and accessible for Saudi companies who are not experienced in appreciating the concepts of CSR.

The next section explains Carroll's Pyramid model in relation to the area of interest suitable for utilization within the Saudi Arabian CSR model categorization and conceptualization.

### 3.9.2 Carroll's 1979 And 1991 Pyramid of CSR Model

Carroll (1979: 500) indicates that "the social responsibility of the business encompasses the economic, legal, ethical, and discretionary expectations that society has of organizations at a given point in time" .



Consequently, according to the above definition, Carroll (1979) categorized CSR in a paper on CSP as having four layers, which he labelled economic, legal, ethical, and discretionary responsibilities. The four classes reflect “the history of business, suggesting an early emphasis on the economic and then legal aspects and expressed a concern for the ethical and discretionary aspects”. According to Carroll (1979), the definition of corporate responsibility is so wide that it encompasses economic, legal, and voluntary activities.

However, in order for businesses to fully address their obligations to society, all four categories of expectation – economic, legal, ethical and philanthropic (discretionary) must be met. Therefore, in a more comprehensive approach, Carroll (1991) attempted to integrate previous conceptualizations by introducing a four-part definition of CSR: economic, legal, ethical, and philanthropic. The definition given by Carroll (1991) is rather pragmatic and more realistic, taking into consideration the philanthropic characteristics of a firm without ignoring its duty of generating profits, i.e., the economic responsibility of a firm. It has also been among the most quoted definitions in CSR literature. Many conceptual and empirical studies have used Carroll’s classification to further examine and develop the concept of CSR.

Therefore, Carroll (1991) displayed the four in a model called the Pyramid of CSR, which is depicted in Figure 10, which in essence contained Carroll’s CSR model represented initially in 1979.

### 3.9.3 The Pyramid of Corporate Social Responsibility (Carroll, 1991)

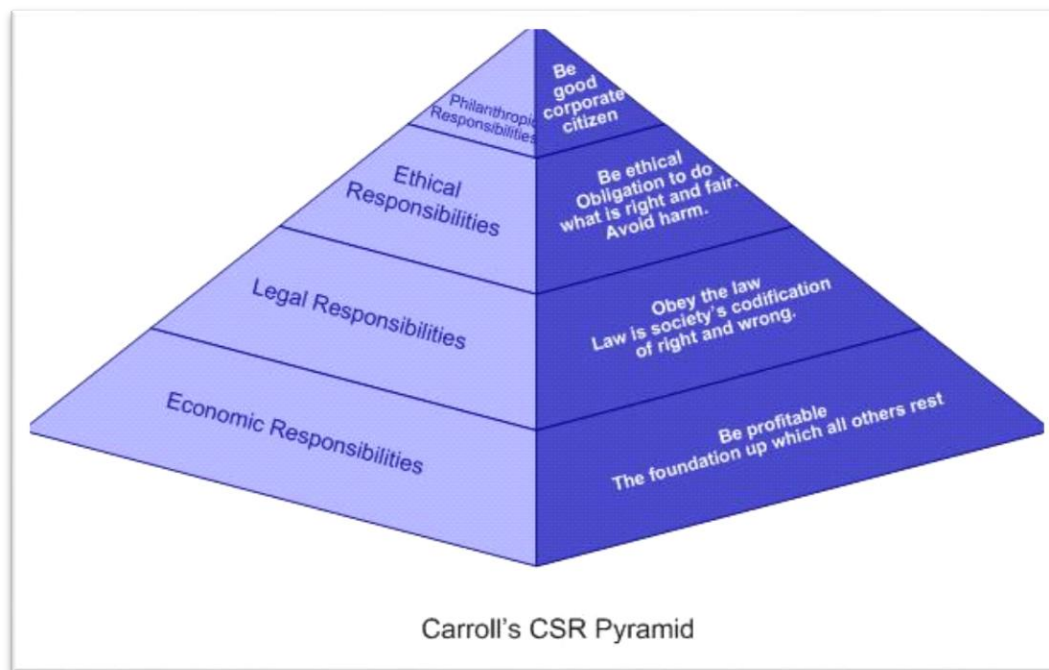


Figure 15: The Pyramid of Corporate Social Responsibility (Carroll, 1991)

According to Carroll (1983: 608), “corporate social responsibility includes the behaviour of a business which is financially profitable, reputable and morally and socially steady. To be socially mindful implies that productivity and dutifulness to the law are principal conditions when examining the association’s morals and the degree to which it underpins the general public in which it exists with the commitments of cash, time and ability”. Moreover, the diverse layers in the Pyramid help managers to see the distinctive sorts of commitments that society expects of businesses. Carroll conceived a four-part model of CSR based on economic responsibility, legal responsibility, ethical responsibility, and philanthropic responsibility. Genuine CSR obligations fulfil every one of the four sections continuously. From this, Carroll (1983) offers the accompanying meaning of CSR: “CSR incorporates the economic, legal, ethical and philanthropic desires based on associations by society at a given point in time.”

The Pyramid of CSR begins with economic responsibilities as the foundation. The economic dimension is the most important; it must be achieved before the company embarks on any social programme, such as charity and sponsorships. Business organizations are part of the basic economic system in society. They provide goods and services that are needed by

society at fair prices; consequently, they make reasonable profits to sustain their business. According to Carroll (1991), it is important for business to operate in a manner consistent with maximizing earnings per share, to be committed to being as profitable as possible, to maintain a strong competitive position and a high level of operating efficiency, and to define a successful firm as one that is consistently profitable.

Economic achievements are important for the company to maintain sustainability in the market; however, this is not the only responsibility. Although businesses are expected to operate in profit, they must ensure that their operations are in line with the legal requirements of the federal state and local government.

The next most important dimension after the economic one is the legal dimension. In addition to the possible misunderstandings inherent in using a pyramid was Carroll's use of a legal domain. Carroll's category of legal responsibility is defined as one that obeys or complies with the law (1979, 500; 1993: 33), a range of legally based activities that ought to be discussed. Legality may be broken down into three general categories: (i) compliance; (ii) avoidance of civil litigation; (iii) anticipation of the law. Carroll (1991) stresses the importance for the business to perform in a manner consistent with the expectations of the government and law and to be law-abiding, and he defines a successful firm as one that fulfils its legal obligations.

Next, the business has to ensure that its actions and transactions are done ethically. The fundamental idea of ethical responsibility as characterized and communicated via Carroll (1991) is that ethical responsibility comprises what is by and large expected by society far beyond economic and legal desires. Although ethical responsibilities may not be coded in a law, the business still has to operate ethically and avoid actions that are prohibited by society. Society has expectations that the business adopts an ethical conduct and manner. This especially relates to consumers, employees, stakeholders, and the community as they all expect the business to respect their rights. Ethical responsibilities are the most difficult categories for the business to handle, as different societies may have different sets of ethical rules regarding what is ethical and what is not.

Carroll (1991) explains that a company must perform in a manner consistent with the expectations of societal and ethical norms, recognizing and respecting new or evolving

ethical/moral norms adopted by society, preventing ethical norms from being compromised in order to achieve corporate goals, and defining good corporate citizenship as doing what is expected morally or ethically.

Finally, as a good corporate citizen, the business contributes its financial and human resources to society as part of its philanthropic responsibilities. Businesses should be involved in philanthropic activities as part of their role to be good corporate citizens. They give donations, sponsor social programmes, initiate awareness campaigns, and set up community facilities, such as bus stops, which are examples of their voluntary contributions. As these activities are very much appreciated by society, people do not regard business as being unethical if the business does not otherwise serve them. Besides, these activities are voluntary in nature and the law does not require them. Generally, Carroll (1991) suggests that the company performs in a manner consistent with the philanthropic and charitable expectations of society and encourages employees and managers to participate in voluntary and charitable activities within their local community and to provide assistance to projects that enhance a community's quality of life.

Carroll (1991) adjusted his model to accommodate a separate philanthropic category; In 1991, Carroll first presented his CSR model as a pyramid, as shown in Figure 10. It was suggested that although the components are not mutually exclusive, it “helps the managers to see that the different types of obligations are in a constant tension with one another”.

Although Carroll's Pyramid of CSR categorizes the four components as different segments, they should not be treated in isolation. Instead, the four dimensions overlap and integrate with each other. Carroll (1991) acknowledges the potential conflicts arising from these four dimensions. For example, a company that plans to embark on philanthropic activities inevitably needs to utilize its resources; hence, they conflict with its economic interest. However, according to Carroll, such conflict can be negated since the maintenance of a good corporate reputation through philanthropic initiatives may boost reputation; thus, companies may be profitable in the long run since market forces provide financial incentives for perceived socially responsible behaviour. This is an example of how the dimensions support each other. Most important is how the firm can make decisions and manage all four components.

Carroll's four-part conceptualization of CSR has been the most durable and widely cited in the literature (Crane and Matten, 2004). There could be several reasons for this. The model is simple, easy to understand, and has an intuitively appealing logic. Over the twenty-five years since Carroll first proposed the model, it has been frequently reproduced by the top management and CSR journals, mostly by Carroll himself (Carroll, 1979, 1983, 1991, 1994, 1998, 2000, 2004). Carroll has sought to assimilate the various competing themes of his model, e.g., corporate citizenship (Carroll, 1998) and stakeholders (Carroll, 2004). The model has been empirically tested and largely supported by the findings (Aupperle et al., 1985; Pinkston and Carroll, 1994). The model accords top priority to the economic dimension as an aspect of CSR, which may endear it to business scholars and practitioners. In fact, Carroll (1991) points out how little his definition of CSR differs from Friedman's (1970) view of the responsibilities of the firm.

### 3.9.4 Saudi CSR – Applicability of Carroll's Model

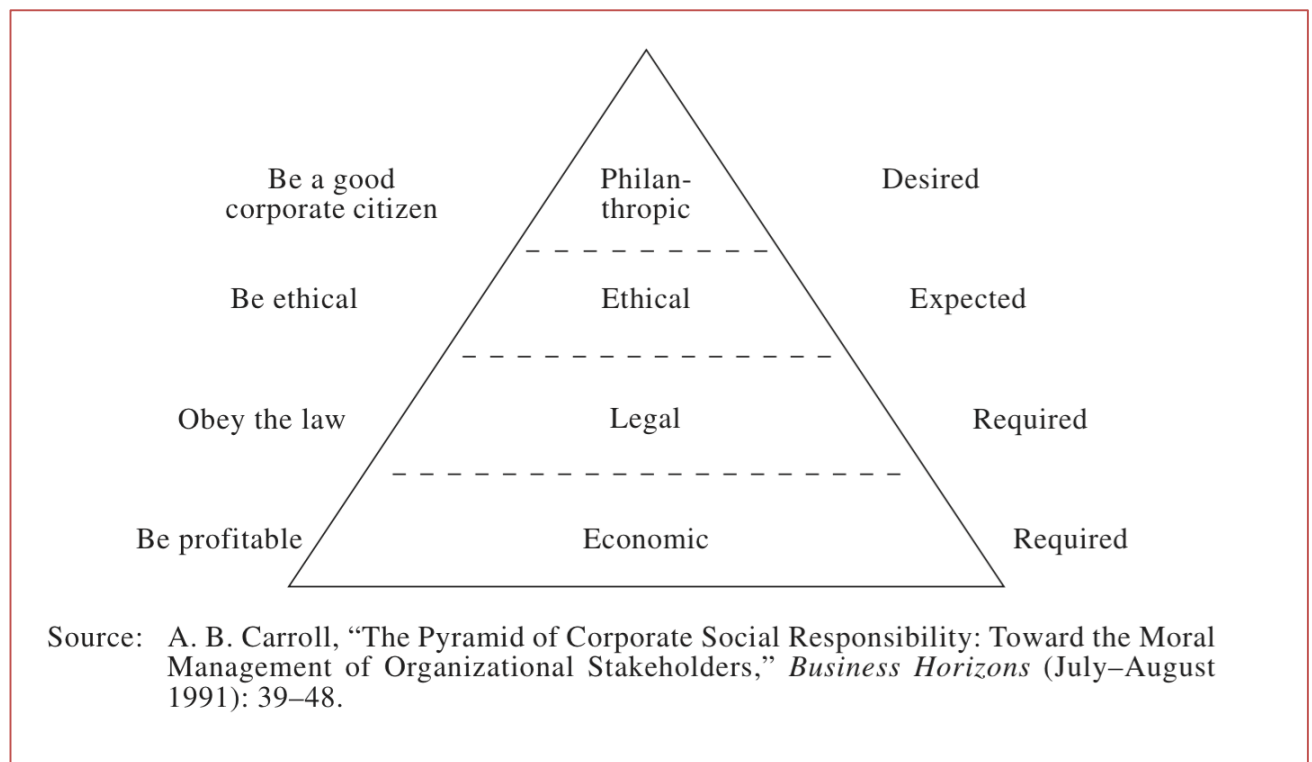


Figure 16: Carroll's 1991 Pyramid of CSR – (Carroll, 2004)

Carroll (1979) offered an important attempt to bridge the gap between economics and other expectations. His efforts culminated in the following proposed definition of CSR is stated as "the social responsibility of the business encompasses the economic, legal, ethical, and

discretionary expectations that society has of organizations at a given point in time” Carroll (1979: 500)

It can be argued that, this definition is more suitable for current Saudi environments, where discretionary expectations can include many endogenous Saudi CSR initiatives such as Saudi cultural expectations, Social expectations, Islamic philanthropy, and so on. As a helpful means for graphically depicting the components of his CSR definition and expounding them, he incorporated his four-part categorization into a Pyramid of CSR (1991; 1993). Carroll’s Pyramid of CSR is presented in figure 15 and figure 16.

Hence Carroll’s 1991 CSR model contained in essence Carroll’s 1979 CSR original model and where discretionary expectations are replaced by philanthropic expectations.

Numerous theorists have utilized Carroll’s four categories or domains of CSR. Several businesses and societies have incorporated Carroll’s CSR domains. According to Wood and Jones (1996: 45), Carroll’s four domains have “enjoyed wide popularity among SIM (Social Issues in Management) scholars”. Such use suggests that Carroll’s CSR domains and pyramid framework remain leading paradigms of CSR in social issues and in the management field, due to the acceptance and impact of Carroll’s CSR contributions. It may be appropriate to re-examine his model to determine whether it can be modified or improved or if there is a possible alternative approach to conceptualizing CSR.

It has been mentioned in the introduction chapter that Carroll (1991) adjusted his model to accommodate a separate philanthropic category representing philanthropic responsibility, which in essence coincides with the notion of being a good corporate citizen. This is found to be crucial and relevant for the unique conceptualizations of Saudi CSR and corporate citizenship and Islamic philanthropy concepts, as this research will establish. Also it has been stated that, Equally, creating a separate entity for the ethical responsibilities within this early model brought the model closer to the state of affairs in Saudi Arabia, especially in relation to the ethical responsibilities of Saudi managers which can be extended way beyond just being able to meet the “obligation to do what is right and fair and avoid harm” Carroll (1991), as this research will establish.

### 3.9.5 The 2004 Three-Domain Model

More recently, Carroll (2004) attempted to incorporate the notion of stakeholders. Economic responsibility dictates it is necessary to “do what is required by global capitalism”, legal responsibility holds that companies “do what is required by global stakeholders”, ethical responsibility means to “do what is expected by global stakeholders”, and philanthropic responsibility means to “do what is desired by global stakeholders”. The philanthropic/discretionary category can be confusing; it may seem unnecessary to some. Carroll acknowledges that it may in fact be “inaccurate” (1979: 500) or a “misnomer” however (1993: 33) for an ethical domain. “The ethical domain of CSR includes those activities that are based on their adherence to a set of ethical or moral standards or principles”(1993: 33).

Carroll’s philanthropic activity of the ethical domain is not broadly recognized (1991: 41). He defines the ethical domain of CSR as any activities or practices that are expected of or prohibited by the society members although they are not codified into law. Carroll (1991: 40–42): defines the economic domain of CSR as an ethical domain of CSR, as any activity or practice expected of or prohibited by society; it maintains a strong competitive position and high level of operating efficiency. It may be that this definition fails to capture certain economic activities. The new model will clarify the economic domain.

The ethical and philanthropic domains merge to form a single ethical domain in the three-dimensions model. The ethical space of the three-area model alludes to the ethical obligations of business to the all-inclusive community and significant partners. This space incorporates responsiveness to both residential and worldwide ethical goals. Taking into account this general definition, the three-space model both grows and refines Carroll’s idea of the ethical area by including just three general ethical standards: (a) traditional; (b) consequentialist; and (c) deontological, which are not applicable nor fit the Islamic ethos and scope in this regards.

It can be concluded from the above that Carroll’s 2004 Three-Domain CSR model categorizations are partially unsuitable for Saudi CSR investigation and interpretation. However, it can be used in the interpretation if Carroll’s combined adopted CSR model is used, as represented by the researcher in the following section.

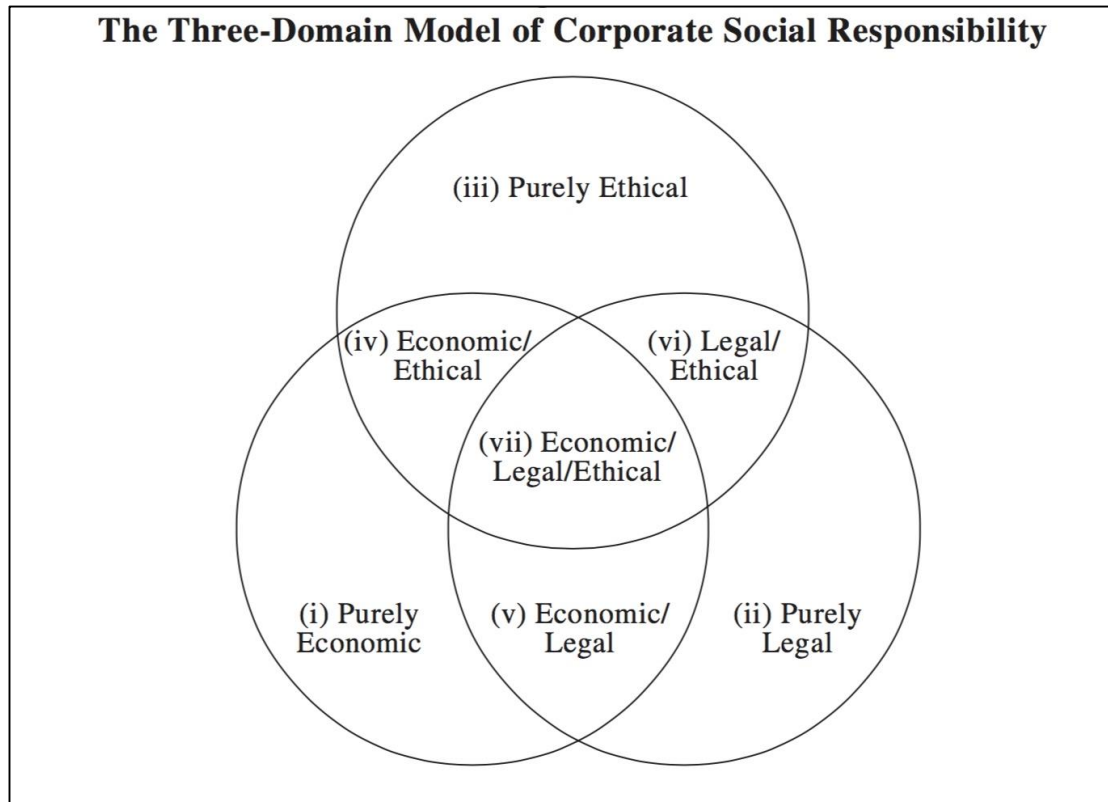


Figure 17: Carroll's 2004 Three-Domain CSR model

The ethical domain can be defined as follows: “the ethical domain of CSR includes those activities that are based on their adherence to a set of ethical or moral standards or principles”.

### 3.9.6 Saudi CSR Applicability of the Three-Domain Model

Considering the above debate, Saudi business leaders and their companies expect philanthropic activities by the social sectors in Saudi Arabia. They are deeply rooted in Islamic teaching and Islamic finance regulations, and regulatory guidelines are embraced by CSR donors and receivers and stakeholders in Saudi Arabia. Both companies and Islamic societies desire Islamic philanthropy. Zakat is a combination of legal, ethical, and philanthropic responsibilities given to Saudi Muslim societies.

The Saudi endogenous CSR, namely Islamic philanthropy, can be analysed using the Three-Domain model. It includes those activities that are based on their adherence to a set of ethical or moral standards or principles though they are not codified into law. Carroll's Three-Domain model can accommodate this. Thus, the CSR Saudi social and philanthropic



contribution is extended beyond the Three-Domain CSR model's capabilities. In the context of the CSR model within Saudi Arabia, it is not difficult to differentiate between philanthropy and ethical responsibility, which are not based on either concepts or perfect duty; rather the Saudi CSR philanthropic model is based on deep Islamic ethics and the deeply Islamic philanthropic conceptual inseparable framework. Therefore, from the Saudi perspective, it can be seen that Carroll's new categorization could be a step back rather than forward in the categorizations and conceptualizations process. This is due to the complexity of Islamic ethics and the deeply Islamic philanthropic conceptualization settings within the Islamic long-term laws and teaching.

There is a considerable value in Carroll's Pyramid 1991 model. It fits into the CSR hierarchy in Saudi companies, where the ethical dimension is the major part behind the CSR initiatives of Saudi national, public, and private companies. Hence, Islamic philanthropy is the major influencing factor that characterizes Saudi CSR application for society. However, the model has its own weaknesses:

- A pyramid framework that depicts the CSR domains may be confusing or inappropriate for some applications; the pyramid framework suggests a hierarchy of CSR domains, with the domain at the top of the pyramid, the philanthropic responsibilities, seen as the most important or highly valued domain that should be strived for by all corporations, while the economic domain at the base of the pyramid is the least valued CSR domain.
- The use of a pyramid to depict the conceptual model of corporate moral development suggests that the top of the pyramid represents the highest or most advanced stage of moral development (i.e., the 'ethical' corporation), while the base of the pyramid portrays the lowest or least advanced stage (i.e., the 'amoral' corporation). This is clearly not the perspective of the pyramid's ranking of CSR priorities that Carroll intended (Carroll, 1991).
- Philanthropic responsibilities: a philanthropic responsibility is a misconnected terminology for Saudi Islamic philanthropy because it does not involve responsibilities or respond to Islamic social demands. It is deeply based on leadership, Saudi managers' Islamic teaching and their own Islamic beliefs. It is a form of voluntary Islamic obligations rather than responsibilities. Therefore, the term philanthropic responsibility is a misleading and inaccurate description of Carroll's

ethical activities within the Saudi CSR model.

- The pyramid framework could lead one to misunderstand the priorities of the four CSR domains.
- A pyramid framework cannot fully capture the overlapping nature of the CSR domains. Such mutuality is an integral characteristic of CSR (Clarkson 1991: 349).
- Carroll's use of dotted lines separating the domains does not fully capture the non-mutually exclusive nature of the domains, nor does it denote two of the critical tension points between them, the tension between the economic and ethical domains and between the economic and philanthropic domains (Carroll 1993: 34).
- Use of a separate philanthropic category: the opposite views of the researcher suggest that Carroll's use of a philanthropic/discretionary category provides flexibility, suitability, and potential adaptability to fit into the Saudi CSR evaluation and analysis.
- Minimizing the model to three-domain and seven sub-interaction dimensions is a useful technique for providing an analysis of CSR initiatives for companies operating in less ideologically influenced countries and societies.
- Continuity of philanthropic responsibility: philanthropy cannot be considered a responsibility by itself.
- The possible misunderstanding inherent in using a pyramid: as stated earlier in section 3.9.2, 3.9.3) Carroll's use of a "philanthropic/discretionary" category can be confusing; to some Carroll's use of this category may in fact be "inaccurate" (1979: 500) or a "misnomer" (1993: 33) for such activities.
- "Responsibilities" are due to their voluntary or discretionary nature. Some researchers agree that philanthropy cannot be considered a responsibility in itself (L'Etang 1994; Stone, 1975). In this respect, philanthropy is not considered a duty.

### **3.10 Carroll's Model Suitability – Discussion**

This section addresses partially the research question 3, compares the suitability of Carroll's models of 1979, 1991, and 2004 for the context of the Saudi CSR conceptualized model. Thus introducing an adopted suitable combined Carroll model, which will be used for analysing the Saudi distinguished endogenous characteristics. This section complements the

findings analysis, research conclusion, and analytical debates about the suitability of Carroll's CSR model for interpreting the Saudi CSR endogenous characteristics in retrospect.

Chapter 3 part II, has presented some insights into the conceptualization of the Saudi CSR model, its formulation, and components. It has discussed in-depth Carroll's (1979) model, pointing out that, in its current state, it is not suitable for the Saudi environment, and highlighting its shortcomings. In fact, Carroll's CSR model is used for CSR interpretation and categorization across the globe but not in Saudi Arabia since it does not accommodate Islamic philanthropy and Islamic ethics and values. It has been argued that the proposed CSR model assists managers in the decision-making process regarding Saudi endogenous CSR issues, since in Islam the idea of CSR is always subject to change depending on the various needs of the community and the society. The Islamic CSR concept has an extensive meaning; it embraces among other aspects the consciousness dimension, which is referred to as the Taqwa. The concept of charity and charitable donation for societies is in essence the foundation of most CSR projects in Saudi Arabia. Thus, it can be said that both 'charity' and 'Wakaf' are considered as examples of corporate philanthropy. The chapter has also illustrated the corporate governance principles for Saudi companies that are also governed by Islamic guidelines. In addition to Saudi endogenous characteristics, Islamic philanthropy, and corporate citizenship, the chapter exposes other new dimensions in the environmental and global expectations. The first section, environmental expectation, is related to the Saudi MNCs that operate large companies in other countries across the world. It has also been clarified that women's participation in the Saudi work force and their empowerment to be in leadership positions are essential for developing Saudi society. Other important issues that need to be considered are youth training for both males and females, job development within certain sections of industry, education projects, participation at all levels of education ranging from primary school to university, and provision of social care for all people including the elderly, those with special needs and orphans, as well as social development partnerships with governmental ministries responsible for social developments.

Chapter 3 part III section, has also presented the Three-Domain model of CSR along with its applicability to the Saudi context, the Pyramid of CSR, corporate strategy, the Saudi national CSR strategy, Saudi national economic development, the Global Competitiveness Index, and Saudi social obligations and culture within the Saudi CSR conceptualized model. Islamic philanthropy is an ethical activity and it cannot fall within economic interests because its

objectives are purely ethical and cultural. Islamic philanthropy can be seen in deeply rooted Islamic practices which aim to obey Almighty Allah and contribute to Islamic society for no economic interests or any financial gains.

Furthermore, in the case of Saudi Arabia, it is not difficult to differentiate between philanthropy and ethics, where the responsibilities are not based on Kantianist concepts and perfect duty as argued by Carroll's three domains; rather, Saudi CSR model is based on deep Islamic ethics and the Islamic philanthropic conceptual framework. Therefore, from the Saudi perspective, it can be seen that Carroll's new categorization could be a step back and not forward. This is due to the complexity of Islamic ethics and the deeply Islamic philanthropic conceptualization. The new model proposes that such a category, if it was believed to exist, would be better subsumed under ethical and/or economic responsibilities. The central reasons for this placement are that, first, it is sometimes difficult to distinguish between philanthropic and ethical activities at both theoretical and practical levels, and second, the philanthropic activities might simply be based on economic interests.

At the theoretical level, the ethical principle of utilitarianism can be used to justify many philanthropic activities, including all of the examples Carroll (1993: 33) refers to (e.g., giving to charity, adopting a school, providing a day-care centre for working mothers, conducting in-house programmes for drug abusers). Shaw and Post (1993: 746) argue that the rule of utilitarianism supports corporate philanthropy as a means of complying with a 'rule' which maximizes the public welfare.

Finally, it can be seen from the above debate that Saudi CSR endogenous characteristics are interlinked, merging into each other. Therefore, Carroll's model needs adjustment and alteration if it is to be used for Saudi CSR measurement and interpretations. (Please refer to the adopted Carroll's CSR model at the end of this section.)

According to Islamic philanthropy, companies are ethically responsible for their business activities and all individual members of Islamic societies are working together to care for each other regardless of whether there is an economic interest or not. It can be argued that philanthropic activities are simply an example of an ethically motivated activity. One formulation of Kant's categorical imperative is that one should treat people as an end in themselves and not merely as a means to an end; a company provides a day-care centre for

working mothers or conducts in-house programmes for drug abusers. Carroll (1993: 33) observes that the essence of these philanthropic activities is that they are “not generally expected of a business in an ethical sense”. Evidence currently indicates that the majority of companies donate to charitable organizations (Carroll 1993: 387).

The majority of the population expects companies to make charitable donations (Sexty, 1995: 274). For Islamic philanthropy, there is no distinction between philanthropy and ethical activities. Philanthropic activities in Islamic societies are based on Islamic and ethical ideology. The two are therefore inseparable. Even if one is able to make a theoretical distinction between ethical and philanthropic activities, there is still an issue as to whether such a distinction can be applied by empirical researchers in the field (Clarkson, 1995: 95).

This thesis shows that most Saudi companies utilize CSR on interlinked and on a multi-dimensional basis, where one Saudi CSR real-life application interlinked and overlapped with more than levels of Carroll’s 1979 Pyramidal CSR model characteristics. Also the thesis shows that Saudi CSR can be analyzed using a the proposed adopted combined Carroll’s and the Three-Domain CSR model, which will be introduced at the end of this section (Please Figure 19).

Therefore, It can be concluded that the Three-Domain model of CSR does not accommodate the cultural impact. In the case of Saudi Arabia, many Saudi companies are engaged in CSR projects demanded of them by Saudi cultural obligation rather than economic, legal, and ethical obligations. Deviating from Carroll’s four-part model to the Three-Domain model of CSR would not fit the Saudi CSR model analysis. It could further limit the research outcome. However, this new Three-Domain model of CSR can perhaps help analyze the nature of philanthropic activities for other countries and nations. For Saudi Arabia, philanthropic activities are fully explained and they stem from deeply rooted Islamic philanthropy; introduced and practised for decades before CSR modern concepts were introduced in Saudi Arabia.

It can be argued that Islamic philanthropy falls within the ethical values and that the model is suitable, with some alteration to the Saudi CSR analysis. The Three-Domain model of CSR is composed of three responsibility areas: economic, legal, and ethical. In general, these domain categories are defined in a manner consistent with Carroll’s four-part model, with the

exception that the philanthropic category is subsumed under the ethical and/or economic domains, reflecting the possible differing motivations for philanthropic activities.

The following section provides summary and attempts to cover the question of Carroll's CSR model suitability for analysing the Saudi CSR characteristics.

Table : applicability of Carroll's model to Saudi CSR conceptualization

Carroll's Pyramid domain	Carroll's Interpretations	Saudi CSR Implications
<b>Economic responsibility</b>	<ul style="list-style-type: none"> <li>❖ Shareholders request a sensible return.</li> <li>❖ Representatives need safe and genuinely paid employment.</li> <li>❖ Clients request quality at a reasonable cost.</li> </ul>	Applicable within Saudi Arabia as Stakeholder's expectation is crucial part of Saudi CSR model and in which includes shareholders, governmental bodies and so on.
<b>Legal responsibility</b>	<ul style="list-style-type: none"> <li>❖ The law is a pattern for working inside society.</li> <li>❖ It is an acknowledged base book for an organization's operations.</li> </ul>	Applicable as Saudi organizations need to abide to local Saudi laws and regulations for example, Saudization Labour Law
<b>Ethical responsibility</b>	<ul style="list-style-type: none"> <li>❖ This identifies with doing what needs to be done, and what is just and reasonable.</li> <li>❖ Moves made around giving reaffirmation of social authenticity.</li> </ul>	The ethical and philanthropic responsibility are interlinked and mashed into one category in Saudi Arabia. Ethical responsibility is replaced by deep Islamic ethos and the same can be said about philanthropic responsibility
<b>Philanthropic responsibility</b>	<ul style="list-style-type: none"> <li>❖ Identifies with optional conduct to enhance the lives of others.</li> <li>❖ Beneficent gifts and recreational offices.</li> <li>❖ Supporting human expressions and games occasions.</li> </ul>	

### 3.10.1 Philanthropic and Ethical Category

Despite the plausible misconceptions concerning those overlapping and close characteristics (namely, philanthropic and Ethical responsibility) when utilizing a Carroll's CSR Pyramid model, utilization of a 'philanthropic/optional' class can be confounding; it may be seen as pointless to some. Carroll recognizes that it might be interpreted as "erroneous" or inaccurate (1979) or a "misnomer" or contradictory (1993: 33) to call such exercises "obligations" because of their deliberate or optional nature. Others accept that

generosity cannot be viewed as a responsibility in itself (L'Etang 1994). Taking this perspective, magnanimity is not viewed as an obligation or a social responsibility of business (i.e., a normal demonstration taking into account what Kantians may indicate as an "immaculate" obligation).

Hence, Carroll's confusion about philanthropy is caused by distancing himself from solid core religious beliefs like Islam, where philanthropy plays a major part in charitable offers and contribution to others and to society. Perhaps the action is appreciated for the US business culture but certainly it seems inappropriate for other Islamic cultures and countries like Saudi Arabia.

According to Carroll's new direction, the new model recommends that such a classification would be better subsumed under ethical and/or economic obligations, although the researcher argues that neither of those categories could contain a comprehensively Islamic philanthropy, as discussed throughout the study. However, Carroll's (1993) position regarding the abolition of philanthropy is as follows: it is once in a while hard to recognize "philanthropic" and "ethical" exercises on both hypothetical and practical levels, and philanthropic exercises may just be in light of economic hobbies.

In Carroll's definitions, the vital sample of a philanthropic movement, providing for beneficent associations, could seemingly fall under the ethical area instead of expecting it to be isolated into a philanthropic space. Saudi CSR promotes opposite views to this action. Merging philanthropic activities in line with ethical behaviour could result in confusion and difficulties in the Saudi CSR endogenous classification. The current research has demonstrated that there are distinctive Saudi CSR characteristics within both categories, ethical and philanthropic, and within Saudi Arabia. The classification of what is ethical and what is philanthropic is more advanced and much more significant than Carroll's classification and interpretations. As a conclusion, it can be said that Carroll's ethical classification is very complex and confusing to highly ethical societies such as Saudi Arabia, and perhaps to other Islamic countries.

Regardless of the possibility that one has the capacity to make a hypothetical qualification in the middle of ethical and philanthropic exercises, there is still an issue whether such a

refinement could be connected by experimental specialists in the field. Clarkson (1995), for instance, raises concerns over the capacity to characterize and measure optional exercises in the genuine corporate world. Aupperle et al. (1985) state that Carroll's philanthropic area is "hard to find out and to assess". Strong and Meyer (1992) observed that while there was solid backing for the presence of the economic, legal, and ethical segments of CSR, it might be proper for the philanthropic class to be expelled from Carroll's structure when endeavouring to quantify the managerial impression of responsibility. They noted that "the outcomes for optional (philanthropic) responsibility do not support the overview's utilization as a general measure of managerial observation of responsibility of this segment of social responsibility".

The ethical area of CSR incorporates those exercises that adhere to an arrangement of ethical or good norms or standards. Carroll's meaning of the ethical area is not extensively built up (1991: 41). He characterizes the ethical space of CSR as any exercise or practice that is normal or precluded by individuals although it is not systematized into law. They are obligations which "exemplify those gauges, standards or desires that mirror sympathy toward what customers, workers, shareholders, and groups see as reasonable, only, or in keeping with the appreciation or assurance of the partners' ethical rights." Superimposed on such ethical desires are the suggested levels of ethical execution recommended by thought "of the considerable ethical standards of equity, rights, and utilitarianism" (1991). In spite of the fact that Carroll names the different ethical stances, they are not totally talked about. However, although Carroll suitably distinguishes the legal and ethical classes of CSR, he does not tease them out as extensively or as totally as they have to be voiced.

### **3.11 Analytical Analysis Summary**

This section represents the research analytical analysis findings and partially addresses some of the research questions.



### 3.11.1 Saudi CSR Endogenous Retrospective Conceptual Model 2015

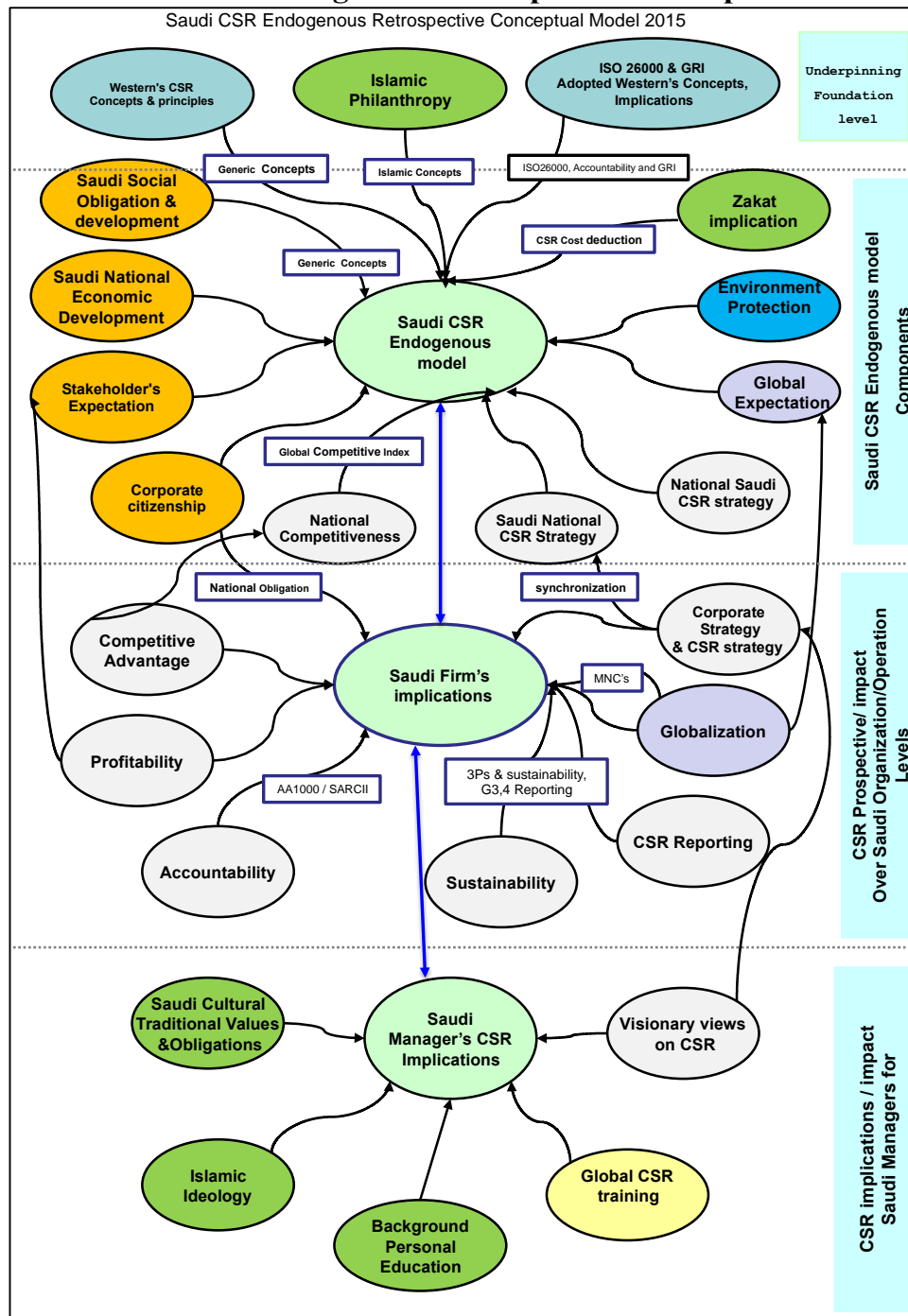


Figure 18: Saudi CSR Endogenous Retrospective Conceptual Model 2015

### 3.11.2 Carroll's Combined Adopted Corporate Social Responsibility Model

The figure shows Carroll's combined adopted CSR model for the analysis of the Saudi endogenous CSR distinctive characteristics, Carroll's Three-Domain model's conceptual framework and interpretation.

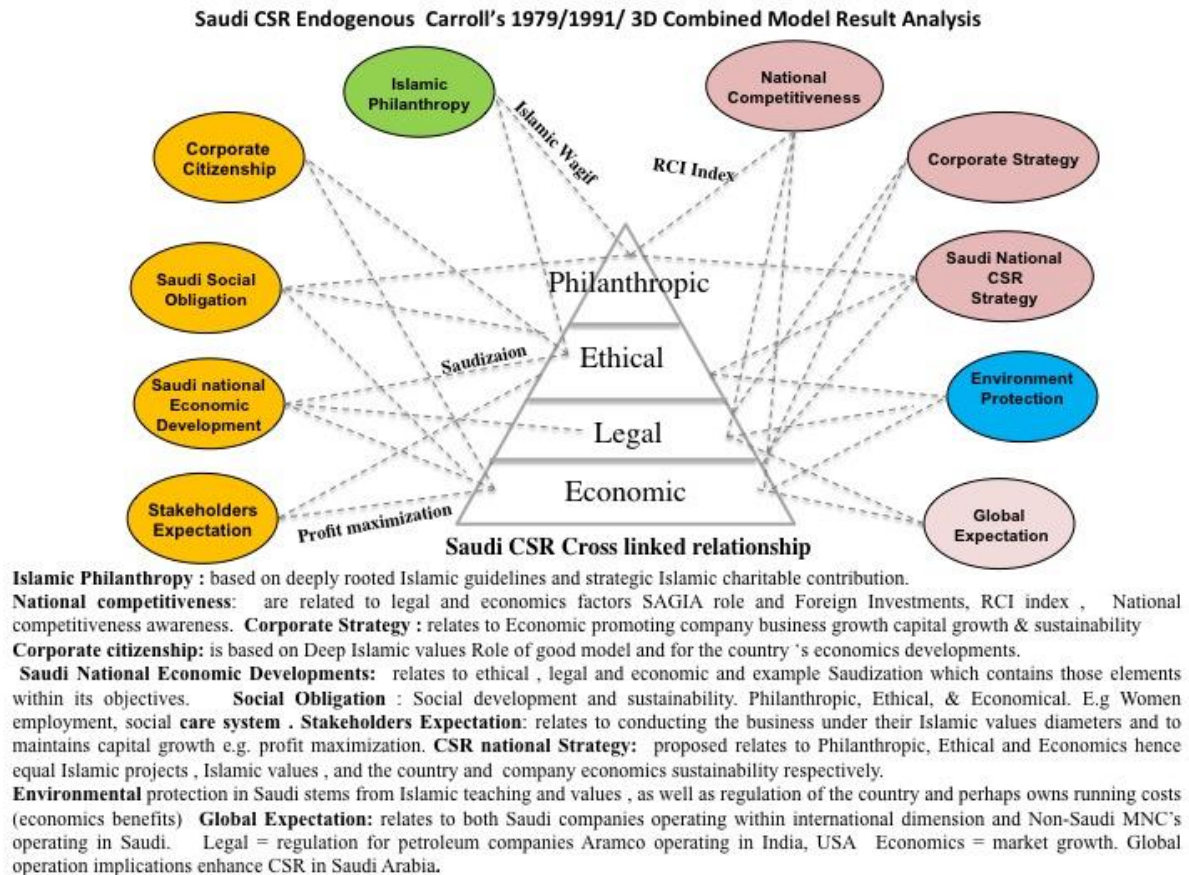


Figure 19: Saudi CSR Endogenous Context and Content Overlapping Relationship Carroll's Combined Adopted CSR Model Analysis Representation.

The above figure shows the theoretical conceptual contribution of the research, where an adopted analytical analysis CSR model is formulated for the Saudi CSR endogenous characteristic using Carroll's combined adopted model. This model is based partially on the 1979 and 1991 four domains model and partially on Carroll's 2004 Three Dimension CSR model. In essence, each Saudi endogenous characteristic can be analysed back to Carroll's four domain and Three-Domain models at the same time, including the overlapping categorization of Carroll's 2004 Three-Domain model. This section is part of the theoretical contribution and the findings of the research. Also it provides the basic platform for the discussion section on findings, as will be seen in chapter 6.

The above analytical analysis has provided evidence for some of the endogenous CSR components present in Saudi Arabia, which will be tested empirically. They are found most importantly within the following areas: Islamic philanthropy, social obligations (social

sustainability), corporate citizenship, national competitiveness, Saudi national economic development, and others.

The above Saudi CSR conceptualized model and Carroll's combined CSR model shows how Carroll's CSR models can be used for explaining and analysing the Saudi CSR endogenous characteristics. Also they can be used for the production of the Three-Domain representation of some of real-life selected CSR endogenous characteristics, as will be undertaken in chapter 6 of this thesis.

It incorporates examples and highlights on some of the Saudi endogenous CSR components:

**Islamic philanthropy:** it represents activities based on the ethical and philanthropic aspects of the Saudi CSR model.

**National competitiveness:** it is related to legal and economic factors, SAGIA's role and foreign investments, RCI index, national competitiveness awareness, and achieving the country's ranking targets.

**Corporate strategy:** it relates to economics, promoting company business growth, capital growth and sustainability; alignments of the Saudi national CSR strategy to Saudi firms' corporate strategy, vision, and mission.

**Corporate citizenship:** it is based on deep Islamic values, the role of a good model for the country's economic developments and good corporate citizenship implications.

**Saudi national economic development:** it relates to ethical, legal, and economic considerations; for example, Saudization that contains those elements within its objectives.

**Social Obligations:** social development and sustainability; philanthropic, ethical, and economic parameters, for example, women's employment and social care systems.

**Stakeholder's expectations:** it refers to conducting business under Islamic values and maintaining capital growth, e. g., profit maximization.

**CSR national strategy:** it relates to philanthropic, ethical, and economic aspects; hence, equal Islamic projects, Islamic values, and the country's and company's economic sustainability respectively.

**Environmental protection:** in Saudi Arabia this stems from Islamic teaching and values as well as the regulations of the country; it perhaps owns running costs (economic benefits).

**Global expectation:** it relates to both the Saudi companies operating within international spheres and non-Saudi MNCs operating within Saudi Arabia: legal regulations for petroleum

companies, Aramco operating in India, US economic market growth, and global operation implications enhancing CSR in Saudi Arabia.

Also the above analytical analysis has provided a confirmation evidence for some of the endogenous CSR components present in Saudi Arabia, which will be tested empirically are found most importantly within the areas of the following: Islamic philanthropy, social obligations (social sustainability), corporate citizenship, National competitiveness, Saudi national economic development and others.

The above Saudi CSR conceptualized and the Carroll's combined CSR model shows how Carroll's CSR models can be used for explaining and analyzing the Saudi CSR endogenous characteristics. Also it can be used for the production of the Three-domain representation of some of real-life selected CSR endogenous characteristics as will be undertaken in chapter 6 of the this thesis.

## **CHAPTER 4: METHODOLOGY**

### **4.1 Introduction**

The main objective of this chapter is to outline the adopted methodological framework that provided a strong foundation for answering the thesis research questions. The chosen methodological approach was mainly aimed at explaining how the outcomes of the literature analysis were empirically tested; providing an insight into the Saudi endogenous characteristics based on the collected data; supporting the formulated Saudi national CSR strategy in the future following analysis of the current data; providing any additional information confirming other distinctive Saudi CSR characteristics not covered in the established conceptual model, or even any other relevant issues which overlap with the research questions; and providing useful recommendations using the data gathered in this research.

Therefore this chapter revolves around the identification of the key research philosophies, research paradigms, research approaches, and research strategies, and a rationale for the selection of research methods, data collection instruments and procedures, sampling procedures used to recruit participants, and ethical considerations in the present study. In particular, this chapter will also focus on pragmatism as the adopted research approach to answer the research questions. The sequential exploratory mixed methods approach used in this study will be described and its advantages and limitations will also be outlined. In this study questionnaires, interviews, and document analysis techniques were used to collect data from the participants in order to gain a better understanding of CSR applications and approaches in Saudi Arabia.

## 4.2 the Research Model

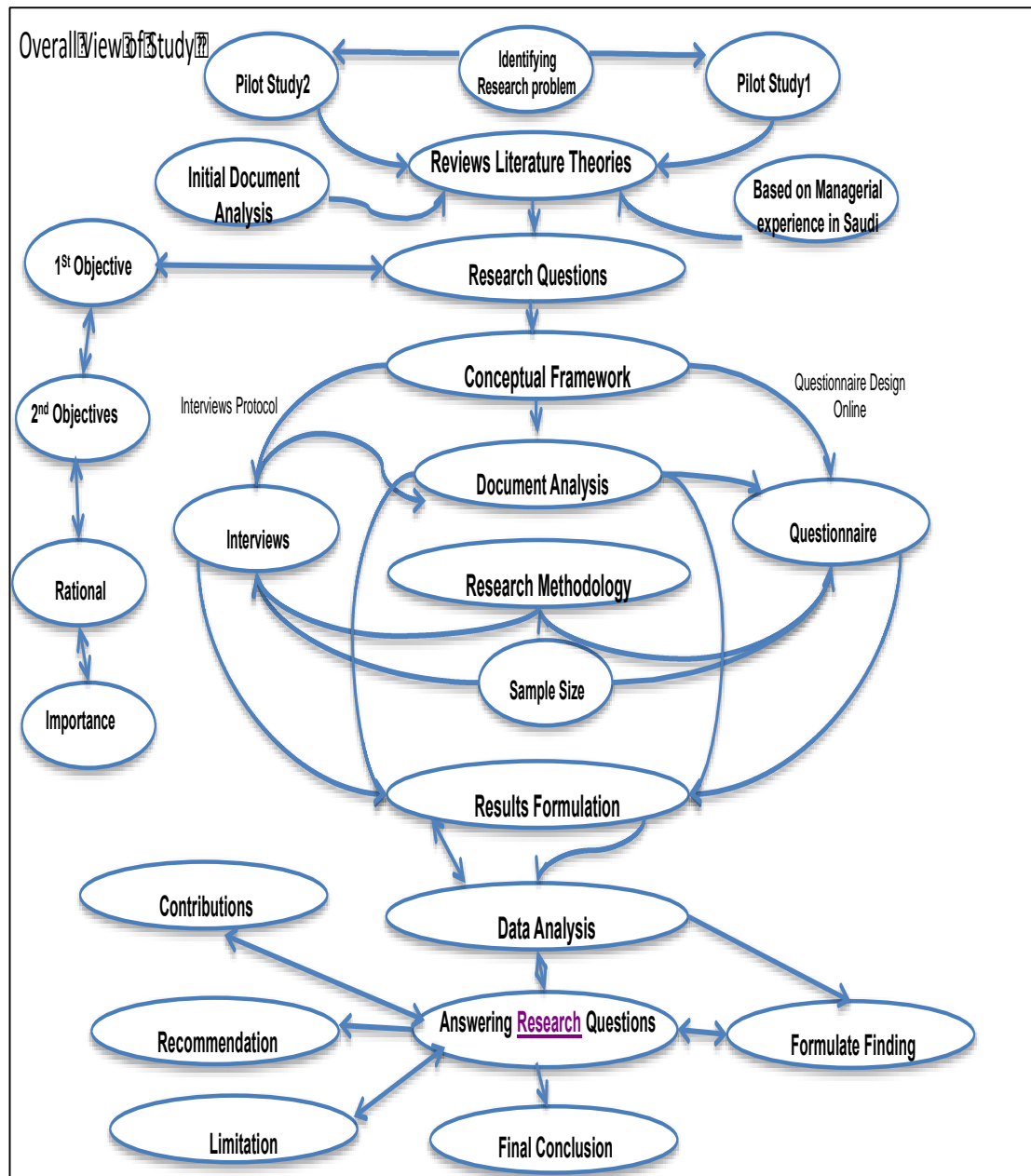


Figure 20: The Overall View of the Research and Thesis Sections

Identifying the research problem requires a review of two pilot studies, which aim to help in formulating the research questions. This is combined with the utilization of initial document analysis together with the researcher's past leadership and managerial experience in the Saudi business environment. Reviewing the literature on CSR generic concepts and recent CSR conceptual international regulatory developments via narrative analytical analysis leads to the formulation of the study's conceptual framework. Empirical testing using a deductive,

indirect research approach is carried out after the appropriate sample size is identified. Data collection methods are introduced through the construction of a questionnaire, document analysis, and interviews. Data analysis and data collection triangulations confirm the conceptualized research questions, the study findings, conclusion, limitations, and recommendations.

### **4.3 Research Questions**

The overall aim of this study is to identify the endogenous or distinctive CSR that characterizes Saudi Arabia. The following sub-research questions were also explored:

- What are the unique features and/or components of the endogenous Saudi CSR characteristics that can be related to the possible unique conceptualization of KSA at a cross-national level?
- How can the endogenous CSR characteristics be explained with the help of models already established by Carroll (1979) and his Pyramid of CSR model (1991)?
- How can the endogenous CSR characteristics be accounted for using the CSR Three-Domain model put forward by Carroll (2004)?

### **4.4 Research Philosophy**

The importance of considering the theoretical and philosophical framework cannot be neglected. Identifying the research philosophy can explicate the larger philosophical ideas espoused, and subsequently help to explain the reasons for the research approach selection and its philosophical purpose (Creswell, 2013). Using a philosophical framework rooted in a scientific approach concerns “beliefs or assumptions regarding ontology (the nature of reality and being), epistemology (the study of knowledge, the acquisition of knowledge, and the relationship between the knower [research participant] and would-be knower [the researcher]), axiology (the role and place of values in the research process), rhetorical structure (the language and presentation of the research), and methodology (the process and procedures of research)” (Creswell, 1998; Denzin and Lincoln, 2000; Ponterotto, 2002; as cited in Ponterotto, 2005: 127). Moreover, as the essence of any research process, a research philosophy mainly identifies the way/s in which researchers approach the nature and development of knowledge. Very often it is referred to as a ‘paradigm’ which subsequently “guides the researcher in philosophical assumptions about the research and in the selection of tools, instruments, participants, and methods used in the study” (Denzin and Lincoln, 2000; as cited in Ponterotto, 2005: 128). Therefore, in order to carry out and even assess any

research, it is essential to clarify its underlying assumptions, given that the researcher's beliefs and understanding of any social phenomena can in some way or other guide the research design (Gill and Johnson, 2005). Also, there is some evidence suggesting that the philosophical standpoint of each researcher can differ significantly from one another (Blaikie, 2007).

In an attempt to answer the research questions of the current study it is essential to apply the philosophies that best suit the nature of this research. Several research philosophies exist, with three of the most popular ones being positivism, interpretivism (constructivism) and pragmatism. However, it is important to bear in mind that each is suitable for a specific type of study, given that each supports different assumptions about ontology, epistemology, and methodology. While methodology refers to the tools and methods used to understand and study a phenomenon, ontology and epistemology are philosophical constructs which mutually support each other (Lombardo, 1987; Reber, 1995). Any paradigm is characterized by ontological and epistemological stances. The latter primarily indicate an individual's worldview that can also shape his/her understanding of the relative importance attributed to different facets of reality (Creswell, 2013, Thomas, 2010). In other words, one's view of reality is referred to as ontology and how one gathers knowledge is commonly known as epistemology (Crotty, 1998). Grix (2004) stated that a researcher's ontological assumptions guide their epistemological assumptions, which in turn influence their research methodology. In fact, according to Crotty (1998) ontological assumptions and epistemological assumptions often overlap; and in doing so, they tend to give way to a theoretical perspective (Guba and Lincoln, 2005: 202).

Using the classification system of Guba and Lincoln (2005), two main dominant research paradigms have been identified: positivism and interpretivism. Each of the above paradigms will be described later in this chapter, bearing in mind that they both feed into one particular research paradigm, which is pragmatism. The importance and relevance of pragmatism in the current study cannot be overlooked, as the latter lays a strong foundation for the methodological backbone of this research; that is, a mixed method approach.

#### **4.4.1 Research Paradigms**

Generally speaking a paradigm indicates a pattern, structure, and framework that guide scientific and academic concepts, principles, and assumptions (Olsen et al., 1992). In the



section below the following research paradigms will be outlined: positivism, interpretivism, and pragmatism.

#### **4.4.2 Positivism**

Positivism is strongly founded in a scientific approach with an attempt to use empirical techniques to both find and present the truth (Henning et al., 2004). According to this paradigm, the world is perceived as external and objective. Researchers influenced by this paradigm focus on facts, and data is produced through statistical probability using the quantitative method (Collins, 2010; Ramanathan, 2008). In the field of social science, many approaches have their roots in positivism despite some criticism that has been levelled against this paradigm as it does not necessarily suit qualitative research (Gill and Johnson, 2005; Johnson and Duberley, 2000; Smith, 1998), given that data gathered based on a positivist approach is usually quantitative (Bell, 2005). Furthermore, interpretive constructionism firmly posits that objectivity needs to integrate some subjectivity in the scientific inquiry process (Gephart, 1999). Nevertheless, positivism remains firmly supported in present day scholarship on a worldwide basis and across disciplines (Kincheloe and Tobin, 2009).

Bearing in mind the above as well as the nature of the current study, this research appreciates the need to use a scientific and systematic approach while simultaneously recognizing the importance of considering and allowing some subjectivity with the aim of gaining a more in-depth insight into the responses of the participants regarding Saudi CSR, its characteristics, and conceptualization using theoretical models. This will be achieved by also adopting an interpretivist approach.

#### **4.4.3 Interpretivism**

The research paradigm of the present study is also interpretivism. The latter is commonly known as a “research paradigm that focuses on getting an emphatic understanding of how people feel inside, seeking to interpret individuals’ everyday experiences, their deeper meanings and feelings, and the idiosyncratic reasons for their behaviours” (Rubin and Babbie, 2012: 56). It is worth highlighting that the present study is also rooted in cultural aspects (i.e., the Saudi context) which are often linked with human beliefs, attitudes, and behaviour; hence, its nature, just as any other research associated with these determinants, is also phenomenological (Wender, 2004). The interpretivist paradigm generally firmly supports the use of qualitative research techniques (Ponterotto, 2005) among which and of

direct relevance to the current study is the increasing use of interviews (Aspers, 2004). As a matter of fact, Creswell (1998: 51) put forward that research using this paradigm mainly focuses on “the meaning of the lived experiences for several individuals about a concept or the phenomenon”. Similarly to the current study, any research based on an interpretivist paradigm mostly revolves around making sense of a phenomenon rather than explaining it. Therefore interpretivists recognize the importance of subjective observation through direct experience from the inside and perhaps much more than from the outside (Cohen et al., 2007). Importantly, researchers using the interpretive approach also recognize that their interpretation of the findings can be influenced to some extent by their own values, beliefs, culture, and experiences (Creswell, 2009). Myers (2009) explains that the claim of interpretive researchers is to be in a better position to have access to reality (regardless of whether this reality is attributed or socially constructed) and this is only attainable through social constructions such as language, consciousness, and shared meanings.

With the above in mind, as far as this study is concerned, the researcher follows the interpretive blended with the positivist paradigm as the research questions have both a qualitative and a quantitative nature. Moreover, these questions were not intended to be solely answered with statistical data but rather also supported with interpretive information pertaining to the social and cultural context of Saudi Arabia’s business world.

#### **4.4.4 Pragmatism**

In contrast to positivism and interpretivism, pragmatism is a research paradigm which provides a different perspective that mainly focuses on the research problem as well as the outcomes of the research (Brewer and Hunter, 1989; Creswell and Plano Clark, 2007; Miller, 2006; Tashakkori and Teddlie, 1998). Pragmatism has benefitted from gathering support both as a main belief system in the field of social sciences (e.g., Maxcy, 2003) and as a tool to support the combination of qualitative and quantitative methods (Johnson and Onwuegbuzie, 2006). According to Morgan (2007), the pragmatic approach is heavily grounded in abductive reasoning that mainly aims at finding a ‘juste milieu’ between induction and deduction by first converting observations into theories then subsequently assessing those theories through action. Morgan (2007) further noted that this abductive process is commonly acknowledged and used by researchers who combine qualitative and quantitative techniques in a sequential manner (Ivankova et al., 2006; Morgan, 1998, 2006, in press), whereby the inductive outcomes generated from a quantitative approach can serve as inputs that can help

to satisfy the deductive objectives of a qualitative approach, and vice versa. This is of direct relevance to the current study, which also chooses to use findings from a quantitative instrument to act as inputs for the qualitative phase of the study.

Past research revealed that pragmatism allows researchers to develop a better understanding of the different ways in which research approaches can be successfully merged (Hoshmand, 2003) in accordance with the best opportunities for the research questions to be answered (Johnson and Onwuegbuzie, 2004). Using pragmatism also allows the researcher not to be surrounded by the mental and practical obstacles usually enforced by the “forced choice dichotomy between postpositivism and constructivism” (Creswell and Plano Clark, 2007: 27). Moreover, researchers are not entrapped to “be the prisoner of a particular [research] method or technique” (Robson, 1993: 291). Pragmatists also strongly believe in the acquisition of the “antirepresentational view of knowledge”, stating that research should not be restricted to the idea of simply accurately representing reality by merely providing an “accurate account of how things are in themselves” but instead it should also be useful; that is, to “aim at utility for us” (Rorty, 1999: xxvi).

The current study has been largely influenced by the well-established strong arguments supporting the adoption of pragmatism as the most useful philosophy that has the potential to effectively support any research embedded in a mixed method approach. In fact, in accordance with the views of the researcher, those opting for pragmatism as a research paradigm could claim that just as research paradigms can unquestionably remain separate, they can nevertheless certainly also be combined with another research paradigm (Johnson et al., 2007). This also applies to the current study which is firmly grounded in a mixed method framework integrating both a qualitative and a quantitative approach.

## **4.5 Research Approach**

The research approach underlies a strategy of enquiry that begins with fundamental assumptions that all lead to the research design and data collection (Myers, 2009). There are several research modes with diverse distinctions but the most common categories of research approaches remain qualitative and quantitative.

### **4.5.1 Quantitative**

Quantitative research is also commonly referred to as hypothesis-testing research. This type of research usually starts with one or more theories from which research hypotheses are generated (Newman and Benz, 1998). There is evidence suggesting that in many quantitative studies questionnaires have been successfully used to set out broader parameters with regards to the research problem. Data gathered from questionnaires is then analysed using descriptive analysis in an attempt to understand the data by identifying and describing it (Piquero and Weisburd, 2010). In quantitative research participants are usually chosen randomly in order to limit any form of error and bias. Such a theory testing approach brings in an important contribution to scientific theory base and this is precisely one of the main characteristics of the quantitative approach. Bearing in mind that true experiments have to be carried out in highly controlled conditions, there is some flexibility around the extent to which the richness and depth of meaning for subjects can be allowed. Therefore it could be suggested that the quantitative approach does not generally score high on validity (Newman and Benz, 1998).

#### **4.5.2 Qualitative**

In contrast to the quantitative approach, “qualitative research enables scholars to gather detailed data about the experience of individuals within social contexts in a way that surveys conventionally cannot” (Miller, 2005: 10). This approach is mostly concerned with an investigation of the ‘why’ not the ‘how’ of the research topic, based on the examination of unstructured data that could be collected from interviews and recordings, notes, and also other forms of feedback (Creswell, 2009). Its strategies of inquiry are mainly narratives, phenomenology, ethnography, grounded theory research, and case studies (Creswell, 2003). Furthermore, qualitative research is naturalistic as it aims to study the everyday life of numerous different groups of individuals and communities within their own natural settings (Miller, 2005).

Of direct relevance to the current study is the notion that the qualitative approach provides the researcher with an opportunity to make knowledge claims rooted in constructivist perspectives whereby it takes into account multiple meanings of individual experiences, with the latter being socially and historically determined (Creswell, 2003). Similarly, Myers (2009) stated that qualitative research allows researchers to understand people within their daily lived-in social and cultural contexts. As such, the essence of qualitative studies is reflected when they lead to the “discovery and representation of the complexities and differences of worlds-under-study” (Philip, 1998: 267)

#### **4.5.3 Mixed Methods**

According to Creswell (2013: 4), a “mixed method is an approach to enquiry involving collecting both quantitative and qualitative data, integrating the two forms of data, and using distinct designs that may involve philosophical assumptions and theoretical framework”. This in essence describes the current research whereby the outputs of the analytical analysis, literature review, and the Saudi CSR conceptual model are classical manifestations of the mixed method approach.

The mixed method approach was developed with an aim of combining traditional research methods in order to minimize the deficiencies and bias that usually occur when a single method is used (Duffy, 1987). Taking into account the nature of the research topic and the dearth of information in this research area in Saudi Arabia as well as the unique socio-cultural context of this country, this study used a sequential exploratory mixed methods design involving both qualitative and quantitative approaches in an attempt to address the research questions. According to Newman and Benz (1998) as cited in Creswell (2013), “qualitative and quantitative approaches should not be viewed as rigid, distinct categories, polar opposites, or dichotomies. Instead, they represent different ends of a continuum.” Following a sequential mixed method design, data was collected through consecutive quantitative and qualitative data collection phases (Creswell, 2009). The rationale for including both types of data in a single study is that neither quantitative nor qualitative methods can stand by themselves. In addition, there is also evidence suggesting that they are not powerful enough to capture the patterns and details of a social phenomenon on their own. However, when merged together quantitative and qualitative methods complement one another and this combination allows a more robust analysis while also boosting the strengths of each (Green and Caracelli, 1997; Green et al., 1989; Miles and Huberman, 1994; Tashakkori and Teddlie, 1998). Furthermore, there is growing research evidence drawing attention to the increase in contemporary research adopting mixed methods designs across diverse fields such as information systems (Mingers, 2003), counselling (Hanson et al., 2005), management disciplines (Cameron, 2008; Hurmerinta-Peltomaki and Nummela, 2006), and social and health sciences (Parahoo, 2014).

With all the above in mind, the current study also attempts to bring its contribution to existing literature by adopting a sequential mixed methods design in the business field in Saudi

Arabia. Given that there is limited background information about the current research problem in Saudi Arabia, it was anticipated that this approach would help to generate a large amount of data (Minichiello et al., 1999). Therefore data was collected utilizing various techniques from the research tools box, such as a questionnaire, interviews, and document analysis. The research propositions were based on the prospective content of the conceptual Saudi endogenous CSR model, which was built on the findings of the literature analysis and the initial outcomes of the pilot studies conducted at an earlier stage of the research. The initial findings were then transformed into indirect confirmatory statements relating to the existing CSR features or characteristics, which were in turn formulated into a questionnaire. The latter was used as a parameter for both document analysis and interviews.

#### **4.6 The Current Study**

With an aim of identifying the research problem and subsequently formulating the research questions in the current study, two pilot studies were reviewed. Initial document analysis combined with the researcher's past leadership and managerial experience in the Saudi business environment were also relied upon in this process. Furthermore, the literature on CSR generic concepts was also reviewed in line with recent CSR conceptual international regulatory developments via a narrative analytical analysis, leading to the formulation of the study's conceptual framework. Data was collected using a self-designed questionnaire, document analysis, and interviews.

In more specific terms, the research propositions were based on the prospective content of the conceptual Saudi endogenous CSR model, which was built on the findings of the literature analysis and the initial outcomes of the pilot studies conducted at the early stage of the research. They were then transformed into indirect confirmatory statements relating to the existing CSR features or characteristics, which were formulated into a questionnaire, and used as a parameter for both document analysis and interview investigations. However, the indirect confirmatory statements are organized into Saudi CSR practice evidence. For example, the Islamic philanthropy evidence is related to Wakaf, building mosques, and so on.

##### **4.6.1 Participants**

The King Khalid Foundation was the main recruitment centre and all Saudi organizations registered on its database were contacted to participate in this research. It is worth emphasizing again that the King Khalid Foundation, SAGIA, and the Saudi Chambers of

Industry and Commerce in two cities (Riyadh and Jeddah) supported this research. The Foundation allowed the researcher access to relevant databases and supporting documents for all Saudi companies engaged with Saudi CSR. As such, the participants were previous RCI Saudi company employees, from which a sample of senior Saudi managers was selected to respond to the self-designed questionnaire. Furthermore, selected CSR managers and advocates in Saudi Arabia were approached for the face-to-face interviews.

The sample comprises all the companies obtained from the King Khalid Foundation database, and from the databases of the Jeddah and Riyadh Chambers of Commerce.

Therefore, the total research sample includes 483 participants distributed over the main cities in Saudi Arabia. Most of the interviews were conducted during the CSR annual conferences held in Jeddah, which were organized by the Jeddah Chamber of Commerce.

Other interviews were organized with the Saudi managers in Riyadh, Jeddah, and Madinah. Additional communications with the Saudi CSR professionals were undertaken and relevant data was obtained to support the research questions.

To avoid confusion among Saudi managers and the research participants, the generic CSR concepts were avoided within the questionnaire construction and instead real practical relevant endogenous Saudi CSR terminologies were used.

#### **4.6.2 Procedure**

Participants in this research were purposively sampled. The benefit of purposive sampling lies in choosing participants who are able to provide rich information about an issue, hence enabling an in-depth investigation of the problem (Patton, 2002). In general, in purposive sampling, individuals who are most likely to know about a particular phenomenon are selected (Sandelowski, 1995). As such, the participants in this study were approached via the database of the King Khalid Foundation, as they were the individuals who had the information required to answer the research questions.

The conceptual framework was been developed and formulated after an extensive literature review as well as some iterative empirical field research that was conducted on selected Saudi corporations. These corporations were chosen as case studies because of their embracement of CSR concepts at both the corporate strategy and the operation levels in advance of the national strategy initiative.

The questionnaire was distributed electronically and physically to all Saudi organizations registered on the database obtained from the King Khalid Foundation. Using document analysis all the listed stock Saudi companies using company websites, publications, financial statements, sustainability reports, GRI published reports, and media announcements were examined. Face-to-face interviews were also conducted with selected CSR managers and advocates in Saudi Arabia.

#### **4.6.3 Data Collection Methods**

All the indirect evidence confirmatory issues were empirically investigated via three main data collection methods: questionnaires, document analysis, and interviews.

##### **4.6.3.1 Questionnaire**

Questionnaires are widely used in social research and are often used together with interviews (Blaxter et al., 2010). According to Gillham (2000), questionnaires are beneficial in the following ways: effective in terms of time and money, participants can complete the questionnaires in a flexible manner, less pressure for an immediate response, minimum interviewer bias, and allow anonymity of participants. Also, questionnaires help to gather measurable data when known variables are present (Gall et al., 2007).

In the present study the questionnaire was self-designed in order to satisfy the research questions (see Appendix 3), given that no standardized questionnaire is yet available to explore this particular research area in the Saudi context. Specifically the objective of the questionnaire was to investigate the main research questions and to focus on the current CSR endogenous applications and approaches in Saudi Arabia.

##### **4.6.3.1.1 Questionnaire Validity**

This study used a questionnaire that was validated by experts in the field. The type of validity use is called content validity, i.e., the questionnaire is measuring what the reach is aiming for. The questionnaire was designed to reflect achieving the outcome of the research and took into consideration the special Saudi social and business ethics and traditions. Therefore, it was represented to a few Saudi academics who have been engaged in similar areas of Saudi



business research that relates to Saudi CSR. Some amendments were carried out in response to their recommendations.

Also, the questionnaire was equally represented to other academic researchers for feedback before distribution electronically and physically (Creswell, 2013)

#### **4.6.3.2 Document Analysis**

A document can be conceptualized as “any symbolic representation that can be recorded or retrieved for description and analysis” explained that as a qualitative approach, document analysis helps to describe and track a discourse comprising of words, meanings, and themes over a period of time (Altheide et al., 2008: 127). Consequently, and with this in mind, document analysis was also used as a data collection tool to provide confirmation of the Saudi CSR endogenous characteristics and also to assess the relevancy and usefulness of the application of Carroll’s 2004 Three-Domain model for the interpretation of generic and related Saudi unique CSR elements, based on relevant paperwork from various Saudi companies (see Appendix 5).

#### **4.6.3.3 Interviews**

It has been widely documented that the interview method is useful to gather information about people, places, or situations, and perhaps more importantly to understand how respondents feel or think. Furthermore, the interview allows the researcher to identify the meaning given by interviewees in relation to their behaviour, in establishing their motives and intentions, given that the interview provides scope for long and detailed answers (Creswell, 2013).

The objective of using this data collection instrument was mainly to conduct an in-depth investigation of Saudi CSR activities and the reasoning for CSR selections and any possible misinterpretation underlying this process. In addition the interview technique was deemed useful to tap into the Saudi CSR distinctive characteristic presence and practices of the companies. The interview schedule was designed with a list of open-ended questions aimed at exploring the following: details of the company, employee’s position, nature of the philanthropic projects, business strategy, company mission, CSR strategy, CSR reports, number of years of CSR implementation, CSR influenced by national competitiveness, definition of CSR, social obligation, Islamic charitable projects, Zakat contribution,

Saudization, women's employment, women's empowerment and leadership, training young Saudis, leadership as a CSR vision, and CSR document analysis (see Appendix 4 for details).

#### **4.7 Data Analysis**

The selection of the best suited data analysis technique/s usually depends on the study's theoretical perspective, methodological framework, and research aims (Creswell, 2013). Therefore, while the quantitative data was analysed using basic statistics techniques and the computerised Business Intelligence Analysis system (BIA), the qualitative data was analysed using other qualitative traditional procedures such narrative analysis, basic coding to the conceptual Saudi CSR model, and data mapping analysis (DMA) that is based on the parameters of the established BIA system mentioned above. DMA comprises relational coding for main Saudi conceptual CSR generic characteristics to their related specific real-world application and implementation found within the research sample in Saudi Arabia. The BIA system acts as a meaningful logical tool for organizing and analysing data from the three sources of data collection, namely questionnaires, document analysis, and interviews. The data analysis BIA system was designed to accommodate data triangulation and data validation, where multiple findings for the conceptualized Saudi CSR unique characteristics, together with sub-level Saudi CSR applications, and their Western CSR equivalents are linked and grouped into meaningful measurable statistical outcomes using Microsoft Excel data organization capabilities. BIA document analysis included the investigation of all Saudi listed stock market companies using web-based mini case studies, especially those who are registered with the GRI initiatives, as well as a selected sample of private and family Saudi companies. The analysis also included Saudi and non-Saudi large multinational corporations and NGO corporations currently operating in Saudi Arabia. Parameters for the BIA were based on conceptualized Saudi CSR model and related confirmatory statements and principles established and developed as part of the literature reviews and pilot studies conducted on Saudi Arabia. Hence, the BIA system design and the proposed conceptualized Saudi CSR model are actively interlinked to reflect the empirical findings of the research on a timely basis throughout the research. (Please see Appendix 4 for a snapshot of the BIA system, and Appendix 5 for details and examples.)

#### **4.8 Ethical Considerations**

This study obtained ethical clearance from the University of Chester and was strategically set out with high ethical values since it has long-term benefits for Saudi society in relation to

understanding and applying correct CSR concepts in its business world. Although no ethical issues were encountered per se this research followed strict ethical guidelines as described below.

Informed consent was obtained from all participants whereby all the necessary information about the purpose, methods, and intended possible uses of this research was provided to them in writing prior to the start of the data collection process. Participants were also assured of personal data protection and confidentiality. The right to withdraw participation or any given data at any time that participants wished was also emphasized. Moreover, it was also clearly stipulated that any information provided would be treated anonymously and their privacy would be protected throughout the whole research process. Participation was purely on a voluntary basis with no financial or non-financial incentives offered. Importantly, given the nature of this research, participants were also reassured that this study was independent and impartial; that is, fully independent of any political, social, or economic factors that could influence its outcomes.

The Research Ethics Guidebook<sup>42</sup> indicated that there six key principles that should be applied within social research. They were applied to this research as follows:

- 1) **The Quality and integrity of the research:** This study is based on the ethical standards of the University of Chester, which is known for adhering to high ethical standards since it was founded in 1839. The university is a member of the Association of Commonwealth Universities, the Cathedrals Group, the North West Universities Association and UK Universities.

Members of the Cathedrals Group pay special attention to the ethical considerations of any research conducted by any researcher at a university. Equally, the same argument applies to all the other university membership associations in relation to ethical research implications.

The research strategically set out with a high ethical value. First, for the inner self-satisfaction of being a highly ethical servant of the Lord Allah Almighty in all aspects of one's life, including this social research, as well as the intention that this research can be accepted as forming a continuous ethical philanthropic project for Allah Almighty. Second, it has long-term benefits for Saudi society when used as a guideline for understanding and applying correct CSR concepts.

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<sup>42</sup> [http:// www.ethicsguidebook.ac.uk](http://www.ethicsguidebook.ac.uk).

Consequently, the research was established according to high standards for both the target audiences in Saudi Arabia and the University of Chester.

- 2) **Informed consent of participants:** all participants were well informed about the purpose, methods, and intended possible uses of the research. They were assured of the ethical considerations of their participation. The online questionnaire and interviews included a special introduction section for this purpose.
- 3) **Confidentiality and anonymity of the research respondents:** All participants were assured of personal data protection and confidentiality. They were informed that they could withdraw their participation at any time they wished. Moreover, all parts of the information provided were to be used with full anonymity and privacy protection.
- 4) **Voluntary participation by participants:** Participants could withdraw from the study, and all participation was on a voluntary basis; no incentives financial or non-financial were offered.
- 5) **Avoidance of harm to participants:** all participants were assured that no harm could happen to them as a result of their participation in this research.
- 6) **Research independency and impartiality:** the research is independent and impartial; it is fully independent of any political, social or economic factors that could affect its outcomes. The research is carried out with open-mindedness, and the research outcomes are taken on their own merits.<sup>43</sup>

#### 4.9 Summary

According to Creswell (2013), the eclectic approach means “a basic set of beliefs that guide action”. On the other hand, Guba (1990: 17) referred to it as a paradigm (Lincoln et al., 2011; Mertens, 2010), Crott (1998) to epistemologies and ontologies, and Norman (2009) to broadly conceived research methodology. Creswell’s (2013: 6) own definition is “a general philosophical orientation about the world and the nature of the research that a researcher brings to a study.”

The determination aspects can be related as the research attempts to determine the Saudi CSR endogenous characteristics, eliminating all other factors affecting CSR in Saudi Arabia. Also, Saudi CSR conceptualization perhaps could involve theory verifications of some Western CSR traditional principles from the Saudi Arabian perspective that are still under

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<sup>43</sup> Source: <http://www.ethicsguidebook.ac.uk/what-needs-to-go-in-the-ethics-statement-20>

investigation and still evolving over time; for example, investigating the concept of stakeholder theory, corporate citizenship, and so on.

The research is an attempt to investigate Saudi CSR not only from philosophical and conceptual subjective viewpoints, but also to provide details of the unique Saudi CSR endogenous characteristics in real-life practice terms, which makes the research additionally pragmatic. It will enable the relational mapping of those specific real-life CSR practices to the Saudi CSR unique conceptualized proposed generic categorizations, which can be used in any future research in Saudi Arabia. Hence, there is a clearly identified research goal. A comprehensive explanation of the proposed Saudi endogenous characteristics is achieved via the conceptualization process using thorough analysis and the findings from initial pilot studies. The investigation involves the formulation of mini case studies of selected Saudi companies utilizing their websites and published financial and CSR reports, media announcements, direct data collection from the King Khalid Foundation for previous RCI Saudi company participants, and finally the examination of some other professional Saudi CSR consultancy firms. “Independence from political constraints or interference”: Stokes (2012), in essence, agreed to the research intended ethical and cultural dis-attachments. The research reflects the reality of CSR interpretations and applications in Saudi Arabia with no ties to any restriction by external forces. It represents the reality of CSR practice, appreciation, unique conceptualization, and understanding of CSR by Saudi organizations and professionals. Certainly, there are some minimal limitations, which did not impede the quality of the research.

#### 4.10 The Empirical Endogenous Saudi Corporate Social Responsibility Model

The Saudi CSR related issues investigated are represented in the following charts, which were formulated and based on the conceptualized Saudi CSR model established by conducting the literature reviews and pilot studies, as explained above. These models were achieved using both the outcomes of the literature review analytical analysis and Carroll's adopted Saudi CSR model, which was established at the end of chapter 3 part III.

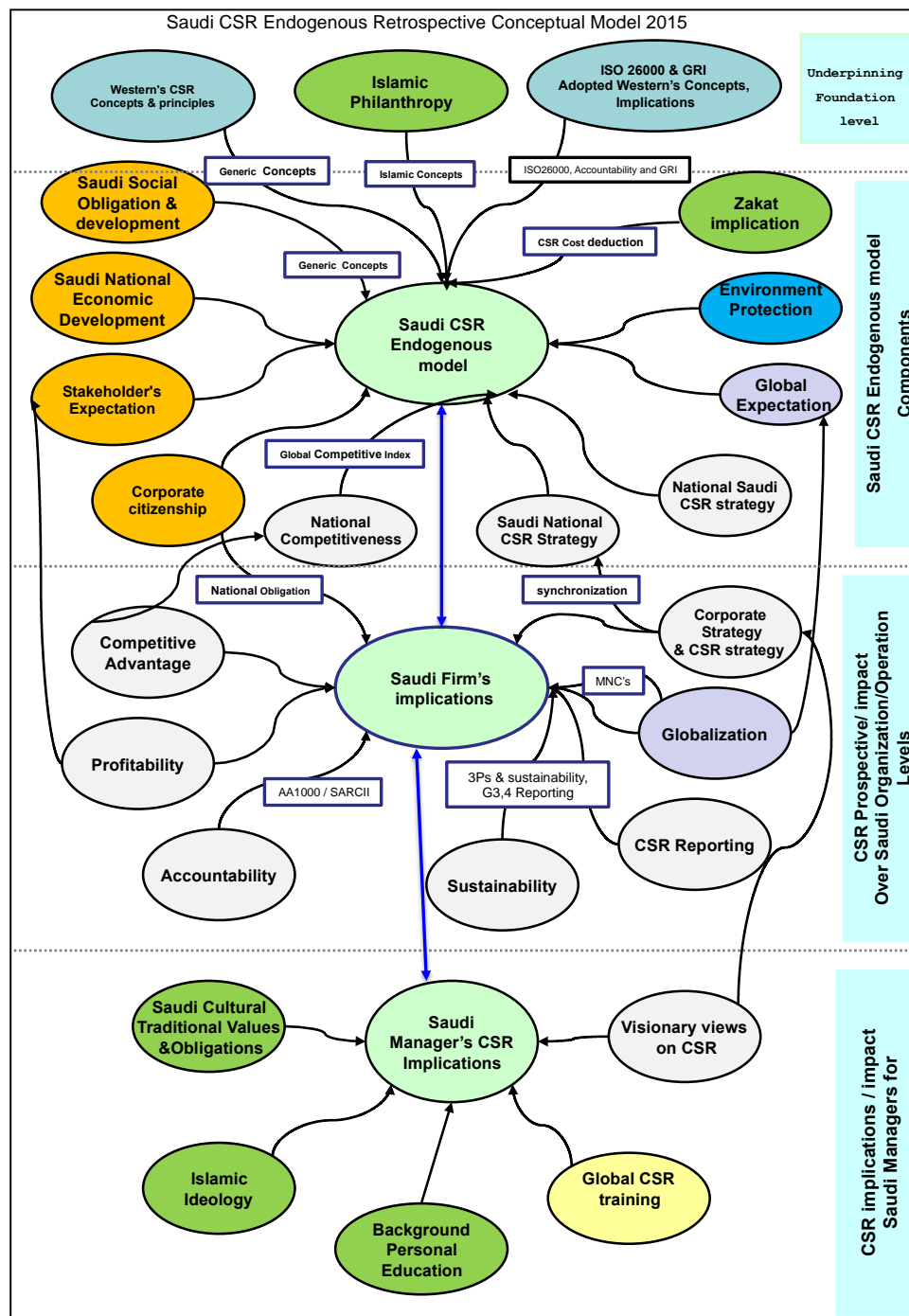


Figure 21: Saudi CSR Endogenous Retrospective Conceptual Model 2015

The above diagram (figure 21) shows the Saudi CSR conceptual generic characteristics that are found to be within the following parameters and CSR principles: accountability, stakeholder theory and stakeholder expectation, corporate citizenship, sustainability, sustainability reporting, corporate strategic planning and CSR, and ISO26000 and GRI conceptualization. Furthermore, more specific Saudi CSR issues are: Islamic philanthropy, national competitiveness and RCI index including; Zakat contribution and CSR, Saudi social obligation, social development, social sustainability, Saudi national economic development, environment protection, global expectation, and the issue of the Saudi national CSR strategy in relation to corporate strategy formulation.

The representation of the research empirical boundaries and areas are outlined more clearly using Carroll's adopted 1979/1991/Three-Domain combined Saudi CSR model. Hence at the same time, they form the empirical testing objectives.

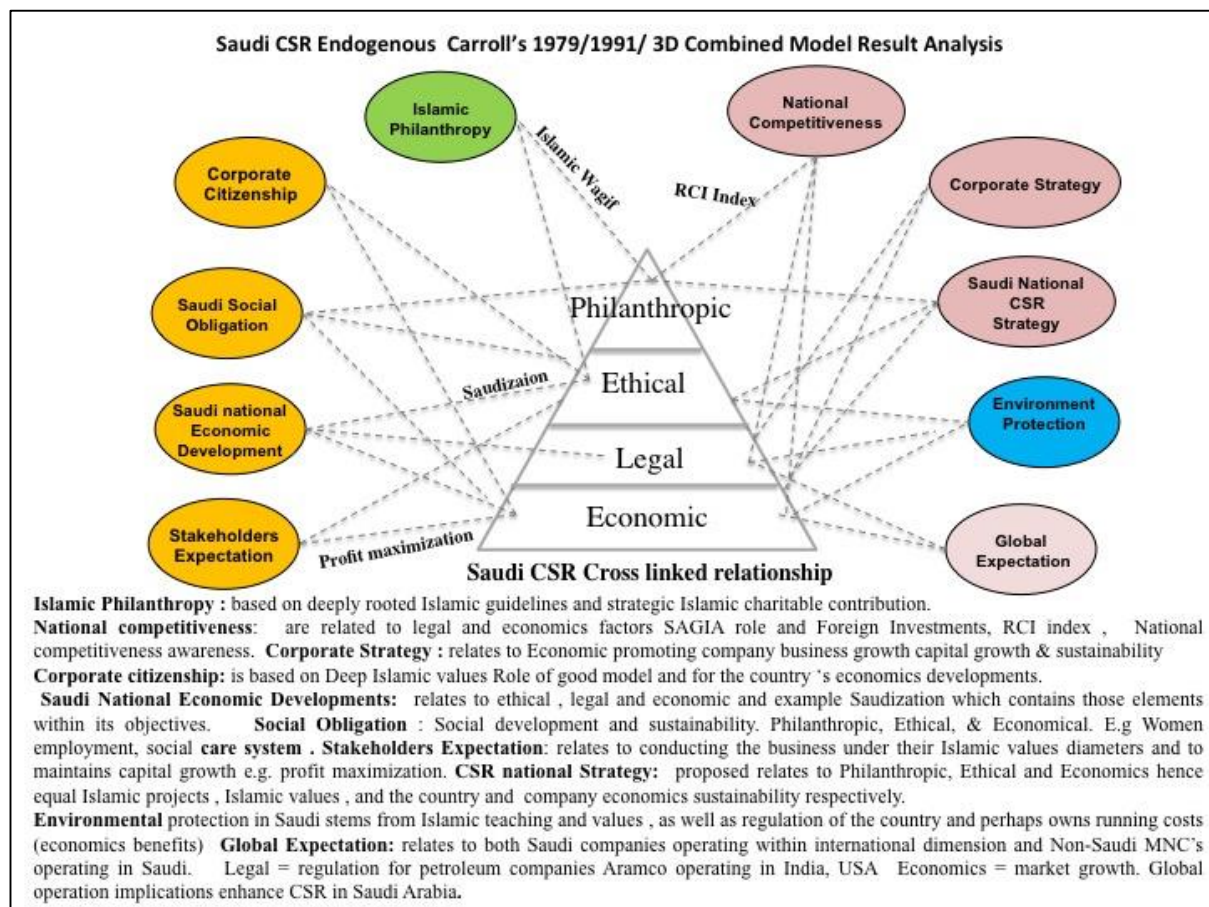


Figure 22: Endogenous Saudi CSR Interpretation of Carroll's Combined CSR model

Figure 22 shows and explains the boundaries and empirical objectives of the research with regard to being able to identify and analyse the Saudi CSR endogenous characteristics and the related Saudi applications of CSR in real life. This model was adopted from Carroll's 1979, 1991, and 2004 Three-Domain CSR models, and is part of the theoretical contribution of the research.

This chapter provides an overview of the methodological framework of the current study. The data collected and analysed are reported and discussed in detail in the next chapter. The main purpose of this chapter is to establish a strong foundation to guide the understanding of the findings in the next section and a connection to the literature review outcomes to address the research questions.

The next chapter is the findings, where the results and data analysis are comprehensively explained. The objectives are to establish a unified Saudi CSR generic definition and to outline and analyse the results obtained for each Saudi CSR endogenous characteristic, which were conceptualized at an earlier stage of the research. The final model for the unique endogenous Saudi CSR characteristics found within Saudi Arabia is established, thus achieving the main objective of this thesis.



## **CHAPTER 5: FINDINGS**

### **5.1 Results and Data Analysis**

#### **5.1.1 Introduction**

As has been stated before, the aim of this study is to identify the endogenous or distinctive corporate social responsibility (CSR) that characterizes Saudi Arabia in general sense. More specifically it addresses the following research questions:

Q1: What are the unique features and/or components of the endogenous Saudi CSR characteristics that can be related to the possible unique conceptualization of the Kingdom of Saudi Arabia (KSA) at a cross-national level?

Q2: How can the endogenous CSR characteristics be explained with the help of models already established by Carroll (1979) and his Pyramid of CSR model (1991)?

Q3: How can the endogenous CSR characteristics be accounted for using the CSR Three-Domain model put forward by Carroll (2004)?

The implications of the analytical analysis (conducted via the literature reviews) for the above questions have been developed into the conceptual model shown in Figure 22 titled ‘Endogenous Saudi CSR Interpretation of Carroll's Combined CSR model’ (see previous section), which shows and explains the boundaries and empirical objectives of the research in regards to being able to confirm and analyse the Saudi CSR endogenous characteristics and the related Saudi applications of CSR in real life. Also, it shows how to explain and analyse the Saudi endogenous characteristics using Carroll’s CSR models. Hence, as explained earlier, this conceptualized model is adopted from Carroll’s 1979, 1991 and Three-Domain 2004 CSR models, which are considered by the researcher as being able to answer the three research questions and as part of the theoretical contribution of the thesis, as will be explained in chapter 6.

Therefore, the above-mentioned adopted Carroll’s model for Saudi CSR summarizes and represents some aspects of the research findings in retrospective to the representation in this chapter. The results and findings in this chapter are sorted and grouped into categorization of the analytical conceptualized Saudi CSR model, which was introduced at the end of chapter

4.. In essence, the findings in this section complement and support the Saudi generic CSR model components that were formulated and obtained from the analytical analysis stage and vice versa. Hence, the research results contained in this section are a further representation of the theoretical findings referred to in chapter 3.

It is explained in chapter 4 that three data collection sources were utilized in this thesis empirical testing: the questionnaire, document analysis, and interviews. Consequently, the main objectives of the three data collection sources are to provide pragmatic evidence and further confirmation for the components of the conceptualized Saudi CSR endogenous model that were established in the analytical analysis stage of the thesis. The questionnaire data collection focuses on addressing the answer to the first research question in general terms, whereas data from the other two sources of data relating to or supporting this task are examined and incorporated into the results of the questionnaire, thus addressing and answering the first research question (mentioned earlier at this chapter) where confirmation or absence of the conceptualized Saudi CSR unique characteristics are identified and represented in the first section of the findings.

Furthermore, the answers to the other two research questions (mentioned earlier at this chapter), regarding the suitability of using Carroll's CSR model to explain and analyse Saudi CSR, have been addressed theoretically in previous chapters and more specifically are contained in this chapter's detailed explanations and in the detailed contents of the discussion and conclusion chapter of this thesis (see chapter 6).

Therefore, the objectives of the findings of the research consist of two main parts. The first part is to provide empirical evidence for the Saudi endogenous CSR conceptualized model, as required by the research question. The second part is to provide empirical evidence to support the outcome of the analytical analysis undertaken in previous chapters for the other two research equations concerning Carroll's CSR model suitability. Hence, chapter 6 provides detailed explanations and empirical testing for the latter, including conducting Carroll's CSR model explanation and analysis for the Saudi CSR model.

### **5.1.2 The Research Sample Size Analysis**

The sample comprises all the registered Saudi companies in the King Khalid Foundation database. Also, similar listings were obtained from the databases of the Jeddah and Riyadh

Chambers of Commerce. Only 380 responses were received back from the questionnaires, which was very low compared to the original sample size of nearly 7000 Saudi companies. However, CSR is still at the infancy stage and very new to Saudi companies. This sample is sufficient for the purpose of the research, especially as previous pilot studies and analytical analysis have clearly outlined the Saudi endogenous unique characteristics. The same can be said about the document analysis sample participation and responses. Out of the top 100 Saudi companies, Saudi stock market listed companies (168) and other private companies (200), only 68 companies were found to be appropriate for this empirical testing analysis stage. Equally, it was extremely difficult to arrange interviews with participants, due to the limitation on time and travelling, hence only 35 interviews were conducted.

The replies are shown in the following table:

Source of Data	Replies Received	Comments, Notes and Distribution
Questionnaire	380	From both hard and soft copies (approximately 7000).
Document Analysis	68	Top 100 Saudi companies, all Saudi stock market listed companies (168) other private companies (200). Only 68 companies were found to be appropriate.
Interviews	35	Saudi managers, private institutions, non-governmental organizations (NGOs), some listed stock market companies.
Total Participants (Replies)	483	

Table 7: The Research Sample Size Analysis

The above table shows that the total research sample includes 483 participants distributed over the main cities in Saudi Arabia. Most of the interviews were conducted during the CSR annual conferences held in Jeddah, which were organized by the Jeddah Chamber of Commerce. Other interviews were organized with the Saudi managers in Riyadh, Jeddah, and

Madinah. Additional communications with the Saudi CSR professionals were undertaken and relevant data was obtained to support the research questions.

One major limitation to conducting the empirical research was that for most Saudi managers when this research commenced back in 2011, CSR was an ambiguous and confusing topic and most of them could not apprehend it as it was too new to them. This was discovered after the distribution of an earlier version of the questionnaire, which was constructed with direct approach questioning using Western CSR terminologies. Therefore, to overcome this limitation and avoid confusion among Saudi managers and the research participants, the generic CSR concepts were avoided within the questionnaire construction and instead real-life relevant endogenous Saudi CSR terminologies were used.

### 5.1.3 Distribution of the Questionnaire Response by Organization Type

Organizations Embracing CSR in Saudi Arabia			
	Type of Organization	Percentage %	Number of Units
	Semi-governmental institution	11	41
	Listed Saudi capital company – profitable	11	41
	Privately owned shared or limited company	11	41
	Private individual (sole trader)	14	51
	Privately owned company	43	164
	NGO (Non- profit organization )	8	31
	Not recorded in this list	0	0
	Other type of company or institution	3	10
Total		100	380

Table 8: Organization Participation Analysis

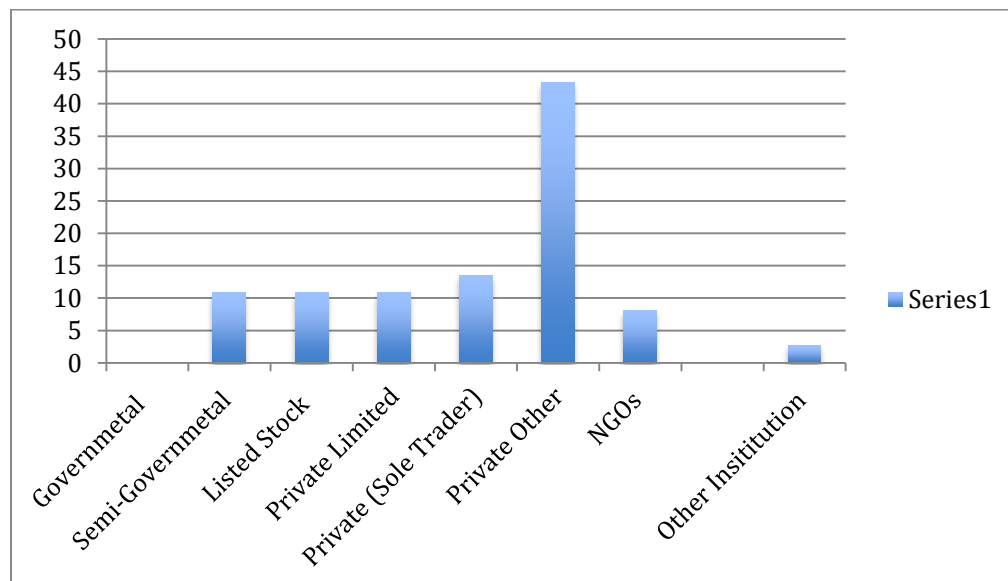


Figure 23: Saudi Organization Type – CSR Participants 2014

Figure 23 shows that the research participation is higher among the privately owned and shared companies, the (other) Saudi companies. The reason for this could be that those companies have not been listed in the Saudi capital market yet. Their interest in CSR is due to their intended objectives to be successful in the transformation process and to become one of the listed companies in the future. However, their managers, like all Saudi managers, are closely related to the Saudi society attitude of shouldering their responsibilities, meeting their social needs, and being closely interactive. Their CSR interests are purely based on contributing to society in a general sense and on being able to serve their community as well

as maintaining their own profitability and sustainability. Those principles are in alignment with the Western CSR generic concept, namely corporate citizenship, which was established during the analytical analysis stage and conceptualized into the Saudi CSR conceptualized model. .

The above figure shows also that CSR concepts are spreading across a wide range of Saudi organizations in both the public and private sectors, but it also confirms that CSR is still at an early stage of development, hence consider the magnitude of the response in comparing the total number of Saudi companies approached. This is in line with what have outlined by the analytical analysis that Saudi CSR is at infancy stage of development. This is confirmed in the response obtained from those organizations, as it shows that only 10% of the Saudi stock market responded to this research, which is a very small response from the approached Saudi stock listed research sample of nearly 168 companies.

## **5.2 Data Analysis of the Questionnaire Results**

The questionnaire results are arranged and grouped according to their relativity and relationship to each other using the Business Intelligence Analysis (BIA) system.

### **5.2.1 Question 1 Consensus for Saudi CSR Proposed Universal Definition**

The researcher's statement was presented to all participants during the three data collection approaches and especially within the questionnaire section. It says:

‘Corporate social responsibility (CSR) have strong momentum in Saudi Arabian public and private organizations; they have become an important tool for achieving a high level of competitiveness, meeting social obligation, enhancing management and leadership of social contribution projects, and serving as a means of measuring involvement in the national developments obligation of the Saudi organizations’ stakeholders.’

The above question is the first question of the questionnaire. It aimed to represent Saudi managers with a unified Saudi CSR statement obtained from the Saudi CSR model conceptualization and the analytical analysis of the literature reviews. It expresses the main themes of the Saudi endogenous CSR parameters. It provides general consensus on the

overall understanding and application of CSR within the minds of Saudi managers and their companies.

More specifically, this section aims to investigate the following Saudi CSR endogenous characteristics that have been confirmed by the literature reviews and the formulation of the Saudi CSR conceptualized model: the concept of social obligation; Islamic philanthropy; national competitiveness and national social developments; corporate citizenship and more.

Main Endogenous Area	Universal Definition of CSR in Saudi Arabia	Agree	Disagree
Saudi CSR universal definition	Corporate social responsibility ( CSR) have strong momentum in Saudi Arabian public and private organizations; they have become an important tool for achieving a high level of competitiveness, meeting social obligation, enhancing management and leadership of social contribution projects, and serving as a means of measuring involvement in the national developments obligation of the Saudi organizations' stakeholders	340	40

Table 9: Question 1 Results the Universal Saudi CSR Generic Definition

The above table shows the first question of the questionnaire, which aims to investigate the agreement of the Saudi company with the research direction and content. It confirms the state of affairs of what CSR in Saudi Arabia is all about. CSR is becoming an essential managerial tool for competitiveness issues to meet the socially, nationally, and culturally unique responsibility of society and the country's obligations. It is a generic representation of the Saudi endogenous CSR characteristics.

The researcher argues that it is important to establish some form of agreement on the meaning of Saudi CSR at an initial point of the research. Hence, some verification is needed to encourage Saudi managers to participate and interact with this research. The above table illustrates an interpretation of the first question, which confirms some of the Saudi endogenous characteristics conceptualized by the research. Generally, some of these are:

- CSR can enable Saudi firms to participate in the national competitiveness index.

- CSR can enable firms to meet their social obligation to Saudi society.
- CSR can be used to enhance management and the firm's leadership strategic planning ability to meet the social contribution projects, shareholder expectation, and sustainability.

Furthermore, CSR can be used as a tool for achieving the national economic development obligations and social sustainability, and for promoting good corporate citizenship.

The above result concludes that the majority of Saudi companies overwhelmingly accept the proposed definition. In essence, participants support the endogenous CSR characteristics, which are indirectly imbedded in the represented definition and based on some of the Saudi CSR conceptualized mode outlined in the previous section (Figure 22). Furthermore, this outcome confirms and supports the aim and the direction of thesis in general terms and categorizes the Saudi CSR endogenous characteristics in specific terms.

### **5.2.2 Question 2 Analysis of Saudi CSR Generic Definition Characteristics**

This question reflects the analytical analysis outcomes regarding the established Saudi CSR endogenous characteristics. The researcher established a generic adopted definition for each of the Saudi CSR main components, which are represented in this question. Hence, only the descriptions and the meaning of those characteristics are introduced in this question. This is in essence another way to empirically evaluate the outcome of the Saudi conceptualized CSR model described and formulated in previous chapters. Please note that this question does not include all of the Saudi CSR endogenous components, and for simplicity only some Saudi CSR related areas of interests are represented, thus familiarizing Saudi managers with real-life currently active CSR applications rather than generic ones.



### 5.2.2.1 Question 2 Tableted Results

The Main Related Saudi Endogenous Theme or Generic CSR Characteristics	Content of the Questions Presented to the Research Participants and BIA reference	Percentage %	Units
Islamic philanthropy <sup>44</sup>	Q2-1: CSR is about provision for the needy of the population, and the organization's charitable contribution to the poor and needy.	11.3	43
Corporate citizenship <sup>45</sup>	Q2-2: CSR is about reciprocation, giving back to the community and expressing gratitude to the members of the community in which the company operates.	29.6	112
Islamic philanthropy	Q2-3: CSR is about the extension of private charity and philanthropic sustainable Islamic beliefs.	9.9	37
Corporate strategy <sup>46</sup>	Q2-4: CSR is about the implementation of an aligned CSR strategic plan which is synchronized with the business strategy of the company.	21.1	80
Stakeholder expectations Sustainability principle The three Ps	Q2-5: CSR is about sustainability and company profitability, including the: Three Ps: profit, people, and planet.	14.1	54
Environmental Protection	Q2-6: CSR is about environmental protection and the preservation of national resources.	12.7	48
Unrecognized international principles & ISO26000	Q2-7: CSR is about foreign or international ambiguous concepts or regulations.	1.4	5

Table 10: Results of the Saudi CSR Generic Definition Characteristics

### 5.2.2.2 Results Generic Definition Interpretations

<sup>44</sup> Islamic Philanthropy: defined and introduced by the researcher in the question as: 'CSR is about provision for the needy of the population, and the organization's charitable contribution to the poor and needy'.

<sup>45</sup> Corporate citizenship: defined and introduced by the researcher in the question as: CSR is about reciprocation, giving back to the community and expressing gratitude to the members of the community in which the company operates.

<sup>46</sup> Corporate Strategy: defined and introduced by the researcher in the question as: CSR is about the implementation of an aligned CSR strategic plan which is synchronized with the business strategy of the company.

The above table highlights the proposed Saudi CSR definitions that were presented to the participants, and they were asked to select the their understanding of what CSR is about. Multiple options were available. The following table shows the possible interpretations in respect of the introduced Saudi CSR generic concepts or unique characteristics.

The Main Related Saudi Endogenous Theme or Generic CSR Characteristics	Questionnaire Question BIA Ref	The Interpretation
Islamic philanthropy	Q2-1	Islamic philanthropy is in line with providing for the poor and organizing charitable contributions by the firm. This is in line with the literature review section on Islamic philanthropy as an identified Saudi CSR characteristic.
Corporate citizenship	Q2-2	Reciprocation, giving back to the community and expressing gratitude to the members of the community in which the company operates; i.e. corporate citizenship. See the section in the literature review.
Islamic philanthropy	Q2-3	Charity, religious beliefs, and charitable donations are in essence a type of application of Islamic philanthropy.
Corporate strategy	Q2-4	Synchronized CSR actioned in the business strategy of the company is in essence a corporate strategy.
Stakeholder expectations Sustainability principle The Three Ps	Q2-5	CSR is about sustainability and company profitability, including the three Ps: profit, people, and plane. This is purely stakeholder expectations' theory real-life application.
Environmental protection	Q2-6	CSR is about environmental protection and the preservation of national resources; for example, water consumption, purification, reducing carbon emissions, and so on.
ISO26000	Q2-7	CSR is about foreign or international ambiguous concepts or regulations relating to ISO26000 and the global reporting initiative (GRI).

Table 11 Saudi CSR Generic Definition Characteristics Interpretations

The above table results conclude that the main investigation shows that the concept of corporate citizenship is more recognized and incorporated by Saudi companies. It is confirmed that CSR is about reciprocating and giving back to the community, expressing gratitude to the members of the community where they operate. This notion is partially based

on combined endogenous characteristics. It can be explained that the Saudi companies are integrated into Saudi society, and consequently the Saudi managers feel that they are responsible for the wellbeing of Saudi society and its social, cultural, and development affairs. It is a sort of partnership with society and what its members need, rather than a company and customer relationship. It can be argued that such characteristics can be found in other countries but what makes them unique in Saudi Arabia is that the notion of Islam is deeply rooted in the teaching and ideology supporting this endeavour on its own merits. Hence Saudi managers are not accountable to God but to their inner self-belief, which gears them and their business to participate in a unique way in the implementation of Saudi CSR activities and projects in the country. Responses to this question express confirmation of some of the Saudi endogenous distinctive characteristics obtained via the conceptualized Saudi CSR model.

#### **5.2.2.3 Conclusion**

The above questionnaire results from the two questions confirm that the implementations and applications of Western CSR within Saudi Arabia are present in unique ways in the country, and are in line with the Saudi CSR conceptualized model. Furthermore, they could be critical and fundamental tools in a number of ways: to enable companies to enter the national CSR competitiveness; to meet the social obligations of the nation; to develop their own Islamic philanthropy strategies; and to enable them to meet their national development obligation and to participate in economic development as good corporate citizens within Saudi and Muslim society. All the above in essence form some of the Saudi endogenous CSR distinctive characteristics introduced by the conceptualized model.

The next section contains the results of the rest of the questionnaire questions, which have been grouped and organized using the BIA system in accordance with the specific Saudi endogenous characteristic rather than each question. Hence, the results from the questionnaire section are closely interlinked and inseparable from the outcome of the document analysis and the interviews conducted with Saudi companies and with Saudi managers respectively. At the bottom of each table there is a section for the combined results, thus focusing the findings on the confirmation of those characteristics.

### 5.2.3 Corporate Citizenship Results Analysis

Area of Investigation: Saudi Endogenous CSR Characteristics	Relational Implication and Initial Interpretation	Questionnaire Question BIA Ref	Corporate Citizenship	%	Reply
A tool for meeting social obligation	Saudization		Yes		
Means of measuring the involvement in national economic development obligations	National development		Yes		
CSR is about reciprocating and giving back to the community and expressing gratitude to members of the community in which the company operates	Good corporate citizenship and implementing the Islamic principle of stewardship of society. <sup>47</sup>	Q2-2	Yes	29.6	112
Financial care for people with special needs	Social obligation creating social care services system/ Islamic philanthropy.	Q9-5	Yes	0.0	0
Financial care for low-income families	Social obligation and social care services system/ Islamic philanthropy; being responsible for those people outside the scope of core business activities.	Q9-6	Yes	0.0	0
Financial and material support for refugees and those affected by civil wars	Social obligation to the broader Islamic community social care services system/ external Islamic philanthropy. Being good corporate citizens, not only in local society but also extending to the rest of the world communities, including the Muslim world.	Q9-7	Yes	0.0	0
				29.6	112
Summary of results	Score %				
Questionnaires	29.6				
Document analysis	21.1				
Interviews	30				

Table 12: Results of the Saudi CSR Corporate Citizenship Analysis

<sup>47</sup> CSR is about reciprocating and giving back to the community and expressing gratitude to members of the community in which the company operates.

The above table shows the relationship of corporate citizenship to some of the unique Saudi CSR real-life applications and generic characteristics, such as social obligation, national economic development, and corporate citizenship. The investigation is based on introducing some examples of current CSR business activities (as explained earlier) to investigate this Western CSR generic concept.

## **Conclusion**

The above results conclude that (a) corporate citizenship and being a good corporate citizen according to local and traditional Islamic practice is documented; (b) confirmation of the Saudi CSR feature is established and recognized, namely corporate citizenship; (c) document analysis ratio of scoring is close to the results obtained by the questionnaire results; (d) interviews confirm the importance of this notion among Saudi managers.

Most importantly, corporate citizenship is influenced by and overlaps with unique Islamic and national culture obligations; hence, corporate citizenship interpretations are unique to the Saudi social, national and economic development objectives and parameters. The results confirm the researcher's debates on the notion of corporate citizenship throughout the thesis (see sections 2.2.5, 2.5.2, 3.5.3, 3.8.2 and 3.8.4) Further, Carroll's CSR model analysis and an explanation of the relevance of specific overlapping and interlinked issues about the Saudi CSR characteristics will be provided in the next chapter.

### 5.2.4 Islamic Philanthropy Results Analysis

Area of Investigation: Saudi Endogenous CSR Characteristics	Relational Implication and Initial Interpretation	Questionnaire Question BIA Ref	Islamic Philanthropy	%	Replies
CSR is about poverty elevation, provision for the needy, and the organization's charitable contribution to the poor and needy	Social development, Saudization, women's participation, employment, youth training, Saudi national development. In essence, Islamic philanthropy activities aim at improving people's lives.	Q2-1	Yes	11.3	83
CSR is about the extension of private charity and philanthropy, and sustainable Islamic beliefs	Organized charitable donation and extending Islamic philanthropic old activities and projects.	Q2-3	Yes	9.9	37
Setting up establishments for implementing social care and services projects	Social obligation and social development that is based on Islamic philanthropic principles.	Q4-1	Yes	0	30
				21.1	150
Summary of results	Score				
Questionnaire	21.1				
Document analysis	26.3				
Interviews	24				

Table 13: Results of Saudi CSR Islamic Philanthropy Analysis

The above table shows the confirmation of important unique Saudi CSR characteristics, namely Islamic philanthropy. This is in agreement with the research direction and supports the debate outlined in sections 2.2.1, 2.2.8, 3.5.7, 3.8.1, and 3.8.4 of this thesis. It can be concluded that Islamic philanthropy in Saudi Arabia is unique as it is strongly influenced by ethical values and objectives. It is an extension of charitable donations, which have been transformed into more organized long-term charitable programmes aimed at the social sustainability of the people of Saudi Arabia.

According to the have been formulated in previous chapters about this important concept, which is no doubt the most influential Saudi CSR characteristic. The above table confirms the

presence of the feature in Saudi business communities and shows that it interlinks and overlaps with other Saudi CSR characteristics, thus providing the source of uniqueness and distinctive elements in the way those CSR generic characteristics are implemented, incorporated, and applied within a highly Islamic country like Saudi Arabia.

Conclusions that can be drawn from the above are as follows: (a) The Saudi CSR distinctive characteristics, namely Islamic philanthropy and the relevant implications, are confirmed; (b) The area of investigation or the Saudi endogenous CSR characteristics in question can be related to other Saudi CSR endogenous characteristics and they are not exclusive to this feature only.

The final chapter contains further analysis and implication of the findings regarding the overlapping endogenous characteristics (this can apply to all results represented in this section). The Islamic philanthropy concept can be viewed within the scope of the Three-Domains adopted CSR model based on Carroll's CSR model, where it can be said that it forms the basic unique foundation for many Saudi CSR characteristics. The conclusion section will have more discussion about this concept (please see section 6.1.2.7).

### 5.2.5 Stakeholder Expectations Results Analysis

Area Of Investigation: Saudi Endogenous CSR Characteristics	Relational Implication	Questionnaire Question BIA Ref	Stakeholder Expectation	%	Replies
Means of measuring involvement in the national development obligation	National development		Yes	10	40
CSR is about sustainability and profitability; Three Ps: profit, people, and planet	Sustainability, profitability and shareholder expectation. (Stakeholder theory). Meeting companies' shareholder profit expectations.	Q2-5	Yes	14.1	102
				24.1	142
Summary of results	Score				
Questionnaire	24.1				
Document analysis	26.3				
Interviews	24.0				

Table 14: Results of the Saudi CSR stakeholder expectations analysis.

Many conclusions can be drawn from the above results: (a) Saudi company CSR reports including GRI are analysed mostly in the document analysis stage and with focusing on relevant wording while conducting interviews; for example, Saudi Arabian Investment Bank (SAIB) shown in CSR GRI reports; (b) the notion expressing the objective of publishing CSR reports is to measure progress and to be part of CSR sustainability reporting, transparency, and accountability implications for the organization; (c) it is important to ensure that all relevant departments participate in the development of sustainability reporting in accordance with the GRI G3 Guidelines introduced as a joint effort between ISO26000 and GRI initiatives; (d) CSR strategy and policy based on ISO26000 CSR endogenous adoption and unique adaptations can be developed to match local, cultural, and social responsibilities and obligations; and (e) some other Saudi companies produce their own CSR report format that, in essence, complies with ISO and GRI requirements; however, they are intended for local market communication and are often prepared in Arabic.

This is in agreement with the research direction and supports the debate outlined in sections 2.2.3, 3.5.1, and 3.8.3 of this thesis.



## 5.2.6 National Competitiveness Result Analysis

Area of Investigation: Saudi Endogenous CSR Characteristics	Relational Implication and Initial Interpretation	Questionnaire Question BIA Ref	National Competitiveness	%	Replies
Achieving high-level competitiveness, locally and globally	Generally accepting the entry of being competitive locally and globally		Yes		
CSR can be within the activities of courses, events, and conferences	Non-financial CSR, activities only	Q7-7	Yes	0	0
Posts to attend courses and conferences; periodic social corporate responsibility at the local level	Non-financial CSR activities the only possibility of future CSR development implementation	Q8-1	Yes	0	0
Competitiveness	CSR is for gaining competitive advantage and national competitiveness entry			25.4	18.0
King Khalid Foundation (KKF)	KKF responsibility corporate index (RCI) national competitiveness participation and other associated social development indexes set out by KKF			18.3	13.0
Saudi Arabian General Investment Authority (SAGIA)	SAGIA national competitiveness participation			2.8	2.0
Other competition	Gulf Cooperation Council (GCC), UAE and other area entry			9.9	7.0
None	None			4.2	3.0
				60.6	43.0
			Less	25.4	
			Net national competitiveness	35.2	
Summary of Results	Score				
Questionnaire	35.16				
Document Analysis	10.52631579				
Interviews	12				

Table 15: Results of Saudi CSR National Competitiveness Accumulative Analysis

Many more conclusions can be drawn from the above results: (a) confirmation of the Saudi CSR distinctive characteristics; namely, the ‘national competitiveness’ and that the relevant implications are accomplished and revealed; (b) data triangulation is achieved, where data obtained for questionnaires is compared with the higher value data obtained from the document analysis; this may suggest that most document analysis is carried out across Saudi stock listed companies with much of their available published materials; (c) the Saudi stock market is organized by capital market law (CML) and corporate governance, where it can be argued that for this reason they do not need to enter into CSR competitions; instead, they enter into more International Organization for Standardization (ISO) standardization awards relevant to their industry and global recognition; (d) responses to the first general question are excluded to prevent data duplication; (e) the data confirms the existence and the importance of the proposed Saudi CSR endogenous characteristics, namely national competitiveness; and (f) the Saudi private owned companies seeking flotation on the stock market are keener for competition. CSR awards can speed up the process and perhaps enable companies to gain a better image. This is in agreement with the research direction and supports the debate outlined in sections 2.1.2, 2.1.3, 2.2.6, 5.5.5, and 3.8.6 of this thesis.

### 5.2.7 Saudi National Economic Development Results Analysis

Area of Investigation: Saudi Endogenous CSR Characteristics	Relational Implication and Initial Interpretation	Questionnaire Question BIA Ref	Saudi National Economic Development s	%	Replies
Means of measuring involvement in the national development obligation	National development		Yes		
Specialized institutions for the dissemination of financial and consumer awareness and rationalization of expenditure	National economic development	Q4-8	Yes	2.7	4
Institutions mean voluntary work aimed at the development of the economy and the sustainability of the business	National economic development, sustainability	Q4-11	Yes	2	6
Set up community centres to care for people with limited income	Social obligation, social development, Saudization, women's participation, employment, youth training, Saudi national development	Q5-5	Yes	2	4
Participation in the construction and establishment of any building for social service and attention to the work of members of the surrounding community	Social obligation, social development, sustainability, women's participation, employment, Saudi national development	Q5-8	Yes	3	7
Participation in the establishment of municipal neighbourhood centres and funding	Social obligation, social development, sustainability, women's participation, employment, Saudi national development, environmental protection	Q5-10	Yes	3	7

CSR projects are part of recruitment and human resources	National competitiveness, national economic development, Saudization	Q7	Yes	3	7
Implementation of the Saudization staff in the foundation programmes	Social development, Saudization, women's participation, employment, youth training, Saudi national development	Q7-1	Yes	15	28
Programmes for training internal or external staff for the development of administrative capacity for in-house employment of the company	Saudi national economic development	Q7-5	Yes	5	8
				35.7	71
Summary of results	Score				
Questionnaire	35.70				
Document analysis	26.32				
Interviews	29				

Table 16: National Economic Development Results Analysis

The above investigation highlights and supports a combination of unique Saudi CSR characteristics outlined within the context of national economic development, which is contained in the literature reviews. It is considered as the main category and consists of many aspects of the Saudi CSR endogenous model; for example, CSR concepts such as national economic development (developing the Saudi workforce via the introduction of new projects), social obligation, national competitiveness, social sustainability, environmental protection and so on. The result outlined above confirms and supports the context of some of the conceptual Saudi CSR model formulated in this research. The implication column shows the related specific real-life Saudi CSR characteristics, which will be examined in more detail during the dissection stage of this research in chapter 6 where the Carroll's Three-Domain adopted model will be used for this purpose.

Therefore, the data confirms the existence and importance of the proposed Saudi CSR endogenous characteristics; namely, Saudi national economic development. This is in agreement with the research direction and supports the debate outlined in this thesis in this regard.

### 5.2.8 Social Obligation Results Analysis

Area of Investigation: Saudi Endogenous CSR Characteristics	Relational Implication and Initial Interpretation	Questionnaire Question BIA Ref	Social Obligation	%	Replies
A managerial tool to meet up the social obligations	Saudization		Yes	14	
CSR is about poverty elevation, provision for the needy and the organization's charitable contribution to the poor and needy	Social development, Saudization, women's participation, employment, youth training, Saudi national development	Q2-1	Yes	11.3	43
Setting up establishments for implementing social care and services projects	Social obligation, social development	Q4-1	Yes	5	19
Providing moral support, administrative, and financial expertise to take care of other institutions and social service projects within the Kingdom	Financial CSR support and social obligation social care system	Q10-1	Yes	8	0
Providing moral support, administrative, and financial expertise to other institutions to take care of social service projects in the Gulf	Financial CSR support and social obligation social care system in the GCC	Q10-2	Yes	0	0
			Total	38.27	
Summary of results	Score				
Questionnaire	38.27				
Document analysis	34.21				
Interviews	29				

Table 17: Saudi CSR Social Obligation Results Analysis

Therefore, the data confirms the existence and importance of the proposed Saudi CSR endogenous characteristics, namely social obligation. This is in agreement with the research direction and supports the debate outlined in sections 1.1, 1.2, 1.3.1, 1.3.2, 2.1.6, 2.2.7, 3.5.8, and 3.8.2 of this thesis.

### 5.2.9 Social Development and Social Sustainability Results Analysis

Area of Investigation: Saudi Endogenous CSR Characteristics	Relational Implication and Initial Interpretation	Questionnaire Question BIA Ref	Social Development and Sustainability	%	Replies
A managerial tool to meet up the social obligations	Saudization		Yes		
The establishment of NGOs, non-profit institutions competent to implement CSR projects, promotion, and inviting other companies to participate	Voluntarism, NGOs' specialized CSR company support. CSR activities seem outside the core activities of the business.	Q4-3	Yes	5	19
Specialized institutions to spread health awareness and avoid diseases	Social obligation, social care services system/ Islamic philanthropy	Q4-7	Yes	2	8
Institutions to stimulate national talent, science, and technology	Social obligation, social development education	Q4-9	Yes	0	0
The establishment of specialized centres for the care and training of producer families	Social obligation, social development, sustainability, women's participation, employment, Saudi national development	Q5-6	Yes	1	4
CSR in educational community project training	Social obligation, social development, Saudization, women's participation, employment, youth training, Saudi national development	Q6	Yes	0	0
Building and opening children's schools	Social obligation, social development, Saudization, women's participation, employment, youth training, Saudi national development, prime education services	Q6-1	Yes	0	0

Building and opening colleges after secondary schools	Social obligation, social development, Saudization, women's participation, employment, youth training, Saudi national development, prime education services	Q6-2	Yes	2	8
Establishing vocational centres to train young people and vocationally rehabilitate them	Social obligation, social development, Saudization, women's participation, employment, youth training, Saudi national development, prime education services	Q6-3	Yes	5	19
Creation of professional training centres for girls to vocationally rehabilitate them	Social obligation, social development, Saudization, women's participation, employment, youth training, Saudi national development, prime education services	Q6-4	Yes	0	0
Participating in any social constituent educational projects or other training programme	Social obligation, social development, Saudization, women's participation, employment, youth training , Saudi national development, prime education services	Q6-5	Yes	19	72
Implementing training programmes and recruiting young Saudis within the institution	Social development, Saudization, women's participation, employment, youth training, Saudi national development	Q7-2	Yes	25	95
Implementing training programmes and recruiting Saudi women within the organization	Social development, Saudization, women's participation, employment, youth training, Saudi national development	Q7-3	Yes	0	0
Specific programmes to prepare Saudi women for employment	Social development, Saudization, women's participation, women's employment, Saudi national development	Q7-4	Yes	10	38
Providing special programmes for the employment of women in senior positions	Social development, Saudization, women's participation, women's empowerment	Q7-6	Yes	4	15
Average				73	

Summary of results	% Score				
Questionnaire	73.00				
Document analysis	64.00				
Interviews	36				

Table 18: Saudi Social Development and Social Sustainability Results Analysis

Therefore, the data confirms the existence and importance of the proposed Saudi CSR endogenous characteristics, namely social development and social sustainability. This is in agreement with the research direction and supports the debate outlined in sections 3.8.7 and 2.2.7 of this thesis.



### 5.2.10 CSR National Strategy Results Analysis

Area Of Investigation: Saudi Endogenous CSR Characteristics	Relational Implication Initial Interpretation	Questionnaire Question BIA Ref	CSR National Strategy	%	Replies
A tool to meet social obligation	Saudization		Yes		
Means of measuring involvement in the national development obligation	National development		Yes		
CSR is about implementing an aligned CSR strategic plan that is synchronized to the business strategy of the company	CSR vision and mission synchronization to business vision and mission; strategic management for CSR purpose	Q2-4	Yes	21.1	80
CSR can be used to implement strategic social sustainability projects	CSR for social development	Q4	Yes	2	0
Aligning and calibrating the company's business strategy with the social responsibility strategy planned for the company to implement	Calibrating CSR social sustainability development to the firm's strategic management plan. Saudization, women, skilled Saudi national programme, and so on.	Q-4-2	Yes	5.0	8
Overall average				28.13	
Summary of results	Score				
Questionnaire	28.13				
Document analysis	11.84				
Interviews	15				

Table 19: Saudi National CSR Strategy Results Analysis

It has been found that small numbers of Saudi companies are aligning, i.e. synchronizing, their CSR strategy to the business strategy of the company. Throughout the document analysis this has been witnessed in large Saudi semi-governmental corporations such as the Saudi Basic Industry Corporation (SABIC) and private institutions such as the Dr. Soliman Fakeeh Hospital (DSFH), as well as among other listed companies such as the National Commercial Bank (NCB), which utilizes sophisticated modern managerial strategic concepts and principles within the synchronizing process described above. This question confirms that

the Saudi companies utilize strategic planning for implementing CSR and this could help in complying with the proposed national CSR strategy. Therefore, the data confirms the existence and importance of the proposed Saudi CSR endogenous characteristics, namely the CSR national strategy. This is in agreement with the research direction and supports the debate outlined in sections 2.2.9, 3.5.6, and 3.8.9 of this thesis.

### 5.2.11 Environmental Protection Results Analysis

Area of Investigation: Saudi Endogenous CSR Characteristics	Relational Implication and Initial Interpretation	Questionnaire Question BIA Ref	Environmental Protection	%	Replies
CSR is about environmental protection and the preservation of national resources	Environmental protection, Islamic ideology concept. Harmonization.	Q2-6	Yes	12.7	48
Institutions concerned with environmental stewardship and protection		Q4-10	Yes	0	0
Participation in the construction of public parks and facilities	Social obligation, social development sustainability, women's participation, employment, Saudi national development, environmental protection	Q5-9	Yes	12	46
Overall average				24.68	94
Summary of results	Score				
Questionnaire	24.68				
Document analysis	22.37				
Interviews	25				

Table 20: Environmental Protection Results Analysis

Therefore, the data confirms the existence and importance of the proposed Saudi CSR endogenous characteristics, namely environmental protection.

### 5.2.12 ISO26000 and GRI

Area of Investigation: Saudi Endogenous CSR Characteristics	Relational Implication and Initial Interpretation	Questionnaire Question BIA Ref	ISO 26000	%	Replies
CSR is about foreign or international ambiguous concepts or regulations	ISO26000 and other incomprehensible CSR concepts, distant from Saudi companies. Islamic philanthropy prevails over CSR concepts.	Q2-7	Yes	1.4	5
Post to attend courses and conferences, periodic social corporate responsibility on a global scale	Attraction towards ISO26000 and GRI reporting other international initiatives	Q8-2	Yes	25	95
2007	Sustainability Reporting, GRI	Q11-1	Yes	2	0
2008	Sustainability Reporting, GRI	Q11-2	Yes	4	0
2009	Sustainability Reporting, GRI	Q11-3	Yes	5	0
2010	Sustainability Reporting, GRI	Q11-4	Yes	6	0
2011	Sustainability Reporting, GRI	Q11-5	Yes	7	0
2012	Sustainability Reporting, GRI	Q11-6	Yes	8	0
2013	Sustainability Reporting, GRI	Q11-7	Yes	9	0
2014	Sustainability Reporting, GRI	Q11-8	Yes	13	0
2015	Sustainability Reporting, GRI	Q11-9	Yes	0	0
None	Sustainability Reporting, GRI	Q11-10	Yes	0	0
Overall average				26.41	
Summary of results	Score	11.84			
Questionnaire	26.41				
Document analysis	11.84				
Interviews	13				

Table 21: ISO26000 and GRI Saudi CSR Results Analysis

The above table provides evidence that ISO26000 and GRI reporting have been utilized by Saudi organizations, where it can be seen that 26.41% of the total participants in the questionnaire data collection process have supported this notion, while only 11.84% from the document analysis section have provided evidence for ISO26000 and GRI practice, and only thirteen companies in the interview section have indicated that they are using the international reporting initiatives within their CSR disclosure. The next section explains these findings. (Please see the section 6.1.2.10 conclusion for more discussion of this finding.)

CSR international standardization and philosophies have implications for the Saudi CSR conceptual model, in addition to business sustainability meeting the social development needs of the KSA together with addressing the global expectations imposed on Saudi firms. Consequently, a few important questions need to be addressed in this section: (a) Will the international CSR adopted and related reporting concepts implicate the current and future Saudi CSR development and reporting initiatives? (b) How does ISO guidelines influence the nature of Saudi endogenous characteristics? (c) Is there any relationship between international CSR and the notion of Saudi CSR misconception, misconceptualizing, and the formation of the Saudi CSR endogenous characteristics? These questions are not totally the objectives of this research; therefore, this section only aims to explore CSR within the international CSR dimensions and to establish a possible consequential conceptual relationship and reporting application within the Saudi CSR. It aims to investigate the international CSR concept's influence and relativity within the Saudi CSR endogenous characteristics.

Furthermore, this examination is indispensable as many Saudi companies are influenced by the concepts of ISO, specially ISO26000 and its GRI associated implications and interactions.

This section complements the previous chapter; it interacts and overlaps with many generic traditional CSR concepts. They may be part of many ISO harmonization efforts for the promotion of various international CSR initiatives across the globe.

#### **5.2.12.1 ISO 26000 and Saudi CSR Conceptualization Implications**

There are huge growing local and global interests in CSR, which is spreading worldwide across many countries including Saudi Arabia. From airlines that strip paint from their cargo jets to save fuel and emissions to academics that start shareholder activism groups, there are clear signs that CSR is gaining increasing attention at corporate, investor, and government levels. Such environmental awareness is accompanied by a greater willingness to embrace social and community projects and to make considerable progress in promoting many ISO and CSR concepts including accountability, sustainability, and corporate governance that have been developing across the whole world in recent years.

The most important recent development is ISO's launch of ISO26000 guidelines for social responsibility. ISO26000 was released in November 2010, only three years after the official

introduction of CSR in Saudi Arabia. According to the ISO website, the ISO26000 goal is to contribute to global sustainable development by encouraging business and other organizations to practise social responsibility in order to improve their impact on their workers, their natural environments, and communities.

Hence, many Saudi CSR advocates, including large Saudi firms, have joined these initiatives since 2010. It has been a classical notion in Saudi Arabia that Saudi companies are encouraged to join any new international standardization or organization relevant to the nature of their business and their core commercial activities. ISO26000 was released at a time when officials and founder organizations of major Saudi CSR movements were enticing Saudi firms to join the CSR Saudi initiatives.

It can be argued that although ISO26000 constitutes one of the most important international global initiatives, and it could contribute to the formation of Saudi CSR endogenous characteristics, it is at a distance from Saudi CSR to a certain extent. Saudi CSR has a specific agenda, which sets out principally to serve the local, social, and economic developments of the KSA.

The thorough analysis of international CSR indicates that for many Saudi companies ISO26000 seems an impractical project; it is difficult to implement comprehensively, as is evident from the empirical sections. The reasons are as follows:

- (a) Saudi CSR stems from Saudi companies; specifically, the CSR objectives are based on local social development requirements.
- (b) The private sector, Saudi MNCs, is limited; it forms a small percentage of the Saudi global interactions.
- (c) There are only 13 Saudi firms out of 167 listed as Saudi companies that are engaged in ISO26000 reporting initiatives (for other reasons, see the discussion section on ISO implications).

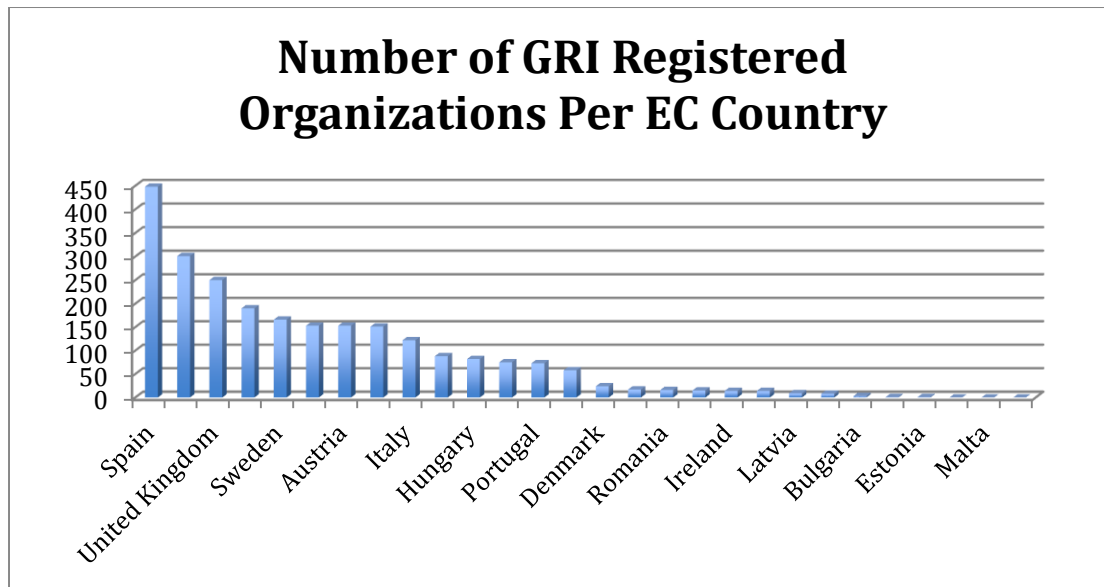


Figure 24: Graph Comparing Saudi Firms to International Countries

Source: Global Reporting Initiative /<https://www.globalreporting.org/Pages/default.aspx>

The above graph shows the magnitude of importance of CSR in European Community (EC) countries, which is an example for the above argument. The above graph shows that Spain is leading the race, followed by Germany and United Kingdom.

### 5.2.12.2 Conclusion

There is documentary evidence that some of the advanced CSR Saudi companies are incorporating international CSR concepts within their Saudi CSR initiatives. It was established early that only thirteen large Saudi corporations utilize such facilities, publishing GRI reports in English. However, other evidence indicates an increase in the number of companies joining the scheme. Some other Saudi companies are joining the ISO and GRI schemes but they are using their own adopted Arabian version of sustainability CSR reports that focus on local stakeholders. Therefore, the data confirms the existence and importance of the proposed Saudi CSR endogenous characteristics, namely the international CSR influences of ISO26000 and GRI. Please see the conclusion of 6.1.2.10 for more discussion on this finding, and for detailed analysis and conclusions about the ISO26000 implications and the contribution to the formulation of the Saudi CSR endogenous model. This is in agreement with the research direction and supports the debate outlined in sections 3.6, 5.2.11, and 6.1.2.10 of this thesis.

### 5.2.13 Zakat CSR Financial Cost Implication Results Analysis

Area of Investigation: Saudi Endogenous CSR Characteristics	Relational Implication and Initial Interpretation	Questionnaire Question BIA Ref	Zakat CSR Financial Cost	%	Replies
CSR does not have any related additional financial costs when implemented by a company	For some Saudi companies' unique conceptualization of CSR, they do not need to provide additional financial costs. For them, CSR is a non-financial activity. Others believe they already have existing Islamic philanthropic and Zakat contributions.	Q3	Yes	25	26
Does the company need to bear the additional cost of CSR and to provide accounting and planning for this cost in the annual budget in advance?	Advanced financial cost, budgeting for CSR activities, confirming Saudi companies' intention to embrace CSR.	Q3-1	Yes	35	11
If yes, is the CSR financial rate contribution higher than the rate of Zakat at 2.5%?	Saudi companies already pay Zakat at 2.5%. Would they pay more as a CSR contribution or less? Some allocate 1% of their net profit.	Q3-2	Yes	15	26
Overall average				75	63
Summary of results	Score				
Questionnaire	75.00				
Document analysis	50.00				
Interviews	45				

Table 22: Zakat Saudi CSR Implication Results Analysis

The above table shows that Saudi firms deem and anticipate CSR to be an additional financial cost to their standard spending budget for business operations that needs to be budgeted for, and taken seriously. They are supporting paying an additional cost to Zakat. Some other Saudi managers are still unclear about this debate and they are investigating the issue of being able to deduct the CSR costs from the Zakat liabilities. There is a relationship between

the Zakat ratios, CSR budgeting, and the additional financial costs. Therefore, the data confirms the existence and importance of the proposed Saudi CSR endogenous characteristics, namely, Zakat.

### **Results of Zakat Investigation into the Contribution and Financial CSR Commitment of Saudi Companies**

Main Endogenous Area	Questionnaire Question BIA Ref & contents	No	Yes	Do Not Know
	Q3: CSR does not have any related additional financial costs when implemented by a company.	28.9	26	45
	Does the company need to bear the additional cost of CSR and provide accounting and planning for this cost in the annual budget in advance?	44	11	44.7
	IF yes, is the CSR financial rate contribution higher than the rate of Zakat at 2.5%?	20	26	54

Table 23: Zakat Contribution and CSR Financial Costs Results Analysis

#### **5.2.13.1 Zakat Additional Interpretations for Table 22**

Most Saudi companies and non-profit NGOs that are engaged in CSR Saudi initiatives do not believe that CSR activities should incur any additional financial costs; they should complement normal business activities. This notion was dominant when the researcher attended major CSR conferences in Saudi Arabia. However, this view is seen as a misconception of or misconceptualizing the utilization of traditional CSR concepts, where financial contribution is essential for delivering CSR intended policies. Some Saudi managers argue that CSR is an additional activity to their charitable projects and that is what they have been doing for years. They see CSR as a learning tool for achieving non-financial social responsibility for Saudi society. Therefore, to many Saudi companies, CSR is an activity that is additional to their basic Islamic philanthropic contribution; it had been put in place years before the recent arrival of CSR.

The results demonstrate that some Saudi managers fall within this category, perhaps for the above reasons. There are issues relating to the Zakat contribution as well, where managers



think that the Zakat contribution should replace and represent the CSR financial commitments of the year. Thus, other CSR activities should be non-financial. The main proposition regarding the confusion about the CSR financial contribution by Saudi companies is that the Saudi company is paying Zakat, which is a financial contribution to the poor and needy in Saudi Arabia. Therefore, many Saudi companies believe that CSR is a non-financial contribution.

The results obtained confirm this confusion, whereby a large percentage of participants disagree with the statement. The opposite group of Saudi companies equally agrees with the statement. For the research conclusions, voluntary regulation perhaps allows Saudi companies to participate in their own CSR projects under the new legislation and to be able to deduct the CSR financial costs from their Zakat contribution. Hence, the Zakat ratio is 2.5% of the current capital, which could be a huge amount for some large Saudi companies.

On the other hand, investigating the CSR financial costs is part of the annual budget. It indicates the commitment of the company to CSR activities and also the notion that the Saudi company is taking CSR projects seriously, as well as the promotion of its sustainability and continuation. If the company says no, it indicates that CSR is not a crucial part of the social responsibility activities. It has been found that a small number of Saudi companies allocates part of their net profit to CSR activities. The majority of Saudi companies do not include advanced planning and provision for CSR activities in their annual budgets

### 5.2.14 Corporate Governance Results Analysis

Area of Investigation: Saudi Endogenous CSR Characteristics	Relational Implication and Initial Interpretation	Questionnaire Question BIA Ref	Corporate Governance	%	Replies
Social responsibility to be within the scope of corporate governance and the implementation of programmes and planning	Corporate governance	Q12	Yes	12	45
Agree	Corporate governance	Q12-1	Yes	10	30
Disagree	Do not promote corporate governance	Q12-2	Yes	0	12
Do not know	Do not promote corporate governance	Q12-3	Yes	50	65
				12	152
Summary of results	Score				
Questionnaire	12.00				
Document analysis	19.74				
Interviews	10				

Table 24: Corporate Governance and CSR Results Analysis

The document analysis displays a clear relationship between corporate governance and CSR practices of the Saudi stock listed companies. Many academics argue that corporate governance should accommodate CSR implementation. It is interesting to wait for the outcome of this debate in Saudi Arabia. Hence, the researcher proposes that the national CSR strategy model suggests the utilization of existing corporate governance regulations for encouraging the Saudi stock listed companies to incorporate CSR activities as part of their corporate governance reporting requirements.

Large private Saudi companies liked the idea of incorporating corporate governance combined CSR reporting initiatives. This could benefit them in that it prepares them for the transformation taking place in Saudi stock listed companies. Therefore, the data confirms the existence and importance of the proposed Saudi CSR endogenous characteristics, namely environmental protection. This is in agreement with the research direction and supports the debate outlined in sections 3.5.1, 3.5.2, and 3.5.9 of this thesis.

### **5.3 Overall Results Formulation and Analysis**

This section provides analysis of the data collected from different sources for this research, namely questionnaires, documentation, and interviews.

#### **5.3.1 Data Formulation and Analysis Procedure Using BIA**

The procedure started with setting up a series of Microsoft Excel spreadsheets designed to accommodate all possible replies to the investigations. Initially, the design of the data relational parameter of the questionnaire and the document analysis interview protocols was established in relation to each Saudi CSR endogenous characteristic and in accordance with its relevance (please see the table). All responses obtained from the three data collection sources were recorded into allocated Excel spreadsheets, which were then made up into one major Excel spreadsheet. Data analysis was undertaken using Excel ‘data filters’, which are used as a way of filtering data according to each Saudi CSR endogenous characteristic set up relationship. Data triangulations were undertaken at this stage, where data from the three sources were merged under the same categories for further investigation and analysis.

A summary of the accumulative results (overall) for each investigation is tabulated and presented, together with the results of the initial interpretation for the confirmation or denial of each Saudi CSR endogenous investigated feature.

Data representation for the three sources – questionnaires, documentation, and interviews – has been formulated into tables, where the area of investigation is highlighted and the relational implications to each Saudi CSR endogenous characteristic and relevancy are shown. Each Saudi CSR endogenous characteristic or issue under investigation is represented in the following section.

### 5.3.2 The Summary of Results are Shown in the Following Table and Chart

Summary Results for Saudi CSR Endogenous Characteristics				
Area of Investigation: Saudi Endogenous CSR Characteristics	Questionnaire % of total sample (or participants)	Document Analysis % of total sample (or participants)	Interviews % of total sample (or participants)	Total Accumulative Average % of total sample (or participants)
Corporate citizenship	30	21	30	27
Islamic philanthropy	21	26	24	24
Stakeholder expectation	24	26	24	25
National competitiveness	35	11	12	19
Saudi national economic developments	36	26	29	30
Social obligation	38	34	29	34
Social development and sustainability	73	64	36	58
CSR national strategy	28	12	15	18
Environmental protection	25	22	25	24
Global expectation	8	10	15	11
ISO26000 and GRI	26	12	9	16
Zakat CSR financial cost	75	50	45	57
Corporate governance	17	20	10	16

Table 25: Summary of Findings for the Saudi CSR Endogenous Characteristics.

The above table shows the accumulative end findings for the three specified data collection methods. They have been achieved using the BIA system and are represented as the percentage of the total sample or the participants for each notion in question. Thus they provide empirical evidence for the confirmation of the unique Saudi CSR characteristics established in the analytical stage of the thesis.

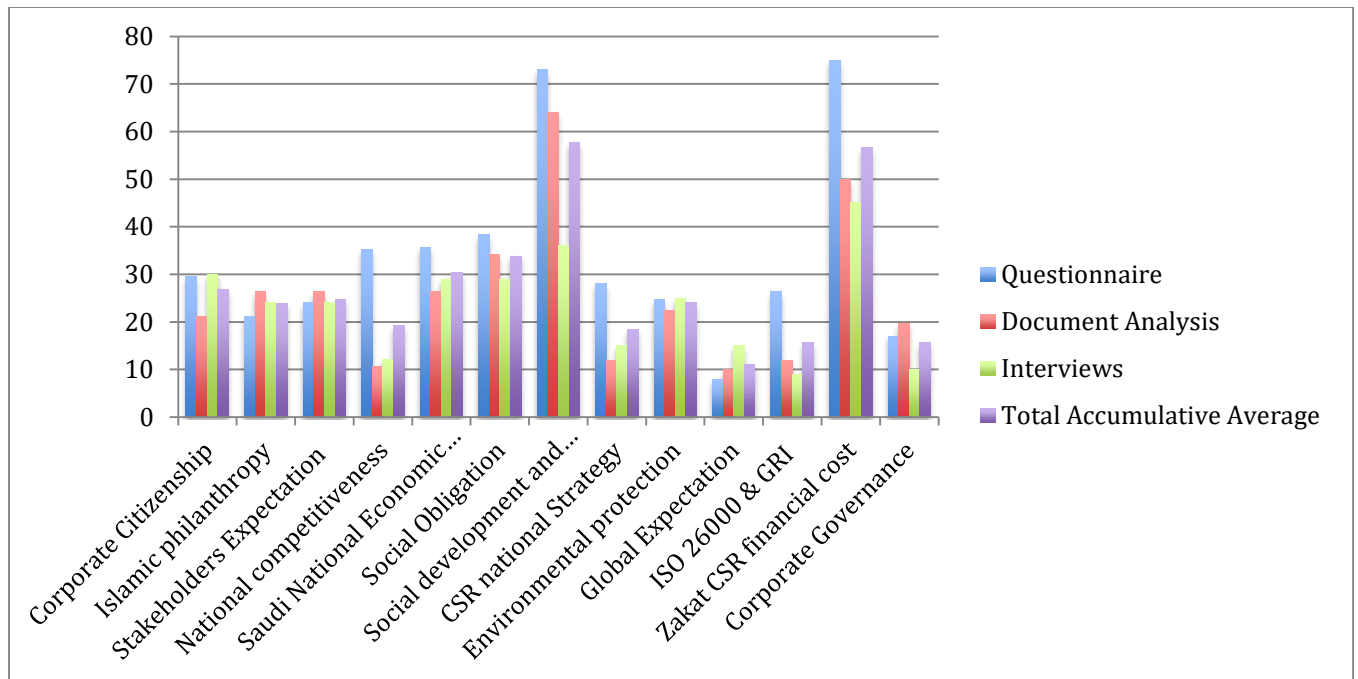


Figure 25: The Findings Summary for the Saudi Endogenous CSR Characteristics

The total accumulative average reflects the importance of each characteristic and its relevance to the debate. The values provide a scale range that can perhaps be used as a guide for the interpretation and analysis undertaken in the following chapter. Hence the above results are interlinked, and in a general sense they provide confirmation for the Saudi CSR unique characteristics that have been represented by the thesis in previous chapters.

The next section explains those findings in relation to the proportion of each characteristic to the magnitude of the overall results of the Saudi CSR endogenous characteristics.

### 5.3.3 The Proportion of the Saudi CSR Endogenous Characteristics Magnitude

The following table confirms the Saudi endogenous characteristics, which are listed according to their relevance in descending order.

Summary Results for Saudi CSR Endogenous Characteristics				
Area of Investigation: Saudi Endogenous CSR Characteristics	Questionnaire	Document Analysis	Interviews	Total Accumulative Average
Social development and sustainability	73	64	36	58
Zakat CSR financial cost	75	50	45	57
Social obligation	38	34	29	34
Saudi national economic developments	36	26	29	30
Corporate citizenship	30	21	30	27
Stakeholder expectation	24	26	24	25
Environmental protection	25	22	25	24
Islamic philanthropy	21	26	24	24
National competitiveness	35	11	12	19
CSR national strategy	28	12	15	18
ISO26000 and GRI	26	12	9	16
Corporate governance	17	20	10	16
Global expectation	8	10	15	11

Table 26: Result Analysis Confirmation of the Saudi CSR Endogenous Characteristics by Relevance in Descending Order

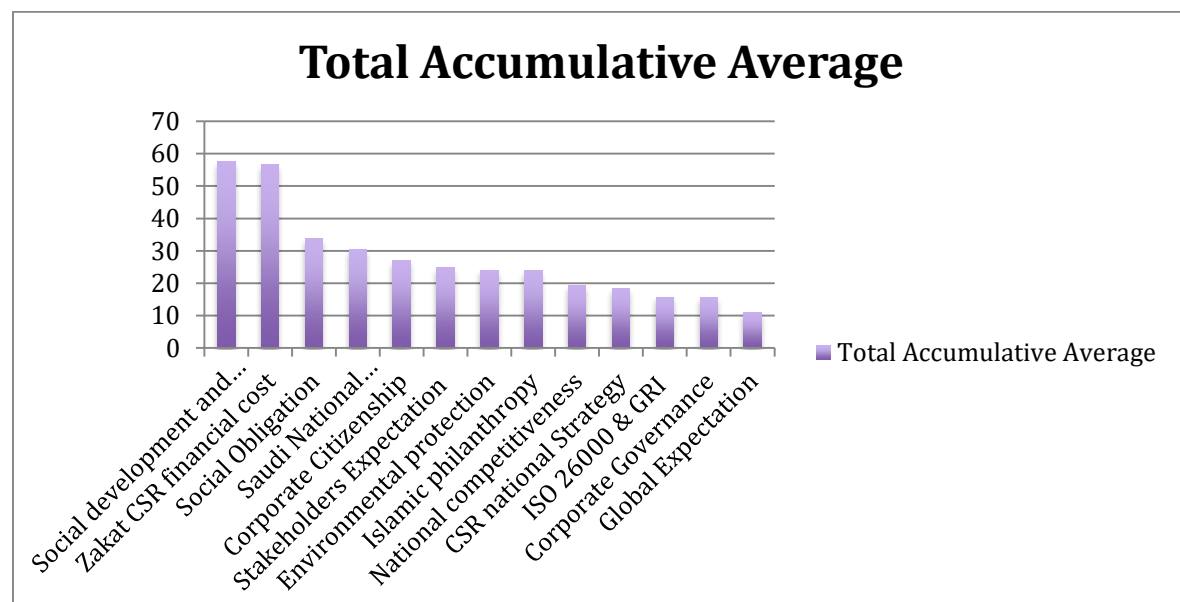


Figure 26: The Saudi Endogenous CSR Characteristics In Descending Order

The above graph shows a confirmation of the Saudi endogenous characteristics, which are listed according their relevance in descending order. Detailed reasoning, implications and interpretations of the above are outlined in the next section.

### 5.3.4 Summary of the Results

Summary Results for the Saudi CSR Endogenous Characteristics		
Saudi Endogenous CSR Characteristics	Total Accumulative Average	Reasoning, Implications and Interpretation
Social development and sustainability	58	This relates to the social development strategic plans set out by the Saudi government, which include the aim of achieving social development for Saudi nationals and preparing the country for competitiveness, independence, and social sustainability for many generations to come. It represents a Saudi CSR endogenous format, where Saudi companies are encouraged to positively and strategically participate in national social development, thus becoming a stewardship partner, a good corporate citizen. This process aims to accommodate and enable Saudi society to overcome its social development restrictions and promote prosperity and a good standard of living for all Saudi nationals and residents of Saudi Arabia. Hence, social responsibility for Saudi companies can be related directly to the extent of the national affiliation (obligation) of the companies to social development (social sustainability) of the nation. Social capital development contained in Saudi Vision 2030 is another formulation for this notion.
Zakat CSR financial cost	57	Zakat represents a distinctive Saudi CSR character where Zakat can replace the need for CSR. It is a unique system stemming from its deep-rooted Islamic principles and consequently has direct implications for CSR engagements and the magnitude of the additional financial contribution imposed on the Saudi companies paying Zakat. Therefore, there is a definite relationship between Zakat and Saudi CSR, where either CSR can be adjacent to its basic implementation or the related CSR financial costs can be deducted from the Zakat contribution, which will enhance and promote CSR within Saudi companies. Therefore, Zakat is interlinked to the Saudi CSR model and is crucial for its future development in Saudi Arabia.
Social obligation	34	The reflection of reciprocal contribution to society. It relates indirectly to the notion of social developments and interacts directly with other sections of identified Saudi CSR. Specific activity can be Saudization, and so on.

Saudi national economic developments	30	Being a good corporate citizen and a partner in Saudi national economic development and regeneration. Setting large and small-scale projects aiming for the country's economically healthy status.
Corporate citizenship	27	As discussed above, the functionality of being a good corporate citizen goes way beyond just job generation; it extends to improving people's lives and poverty elevation, thus extending their Islamic philanthropic activities beyond the scope of the core business activities and the firm's sustainability boundaries.
Stakeholder expectation	25	Relating to core business profitability and the firm's sustainability but also applying stakeholder theory and considerations for the rest of the three Ps, profit, people, and planet.
Environmental protection	24	It is either a direct implication of international environmental agreements and imposed industrial regulations by the UN environmental agencies, or is a local intention to preserve the country's natural resources and environments. Saudi companies are utilizing all the ISO's environmental regulations within their industrial production and other core-related business activities.
Islamic philanthropy	24	It is embedded in the Saudi managers' activities and CSR notions mentioned above. It represents the main ideological driver for Saudi firms, managers, and their stakeholders. It governs Saudi CSR parameters. It implicates other Saudi CSR characteristics.
National competitiveness	19	This relates to SAGIA and the KKF national competitiveness. The concept is gaining slow momentum and achieving a high level of efficiency and effectiveness for Saudi firms, making the country attractive for foreign investment and providing Saudi firms with the ability to compete internationally in products and services. Thus, it enhances the position of Saudi national competitiveness in the internationally ranking UN index.
CSR national strategy	18	Relating to setting up a national CSR strategy and the synchronization between the national CSR, the organization's CSR, and sustainability principles applied within the Saudi national social development and economic strategic expectations.
ISO26000 and GRI	16	Influences of international CSR reporting initiatives and concepts of Saudi CSR endogenous characteristics.
Corporate governance	16	The issue of utilizing existing corporate governance reporting regulations for CSR activities. Saudi CSR can be encouraged via corporate governance suggested adaptations.
Global expectation	11	For Saudi MNCs operating in other international countries. Implication for their own CSR policies in Saudi Arabia.

Table 27: Summary Confirmation of Saudi CSR Endogenous Characteristics





### 5.3.5 Saudi Endogenous CSR Characteristics Analysis Pie Chart

Below is a representation of the Saudi CSR endogenous characteristics in proportion to each of the other Saudi CSR endogenous characteristics.

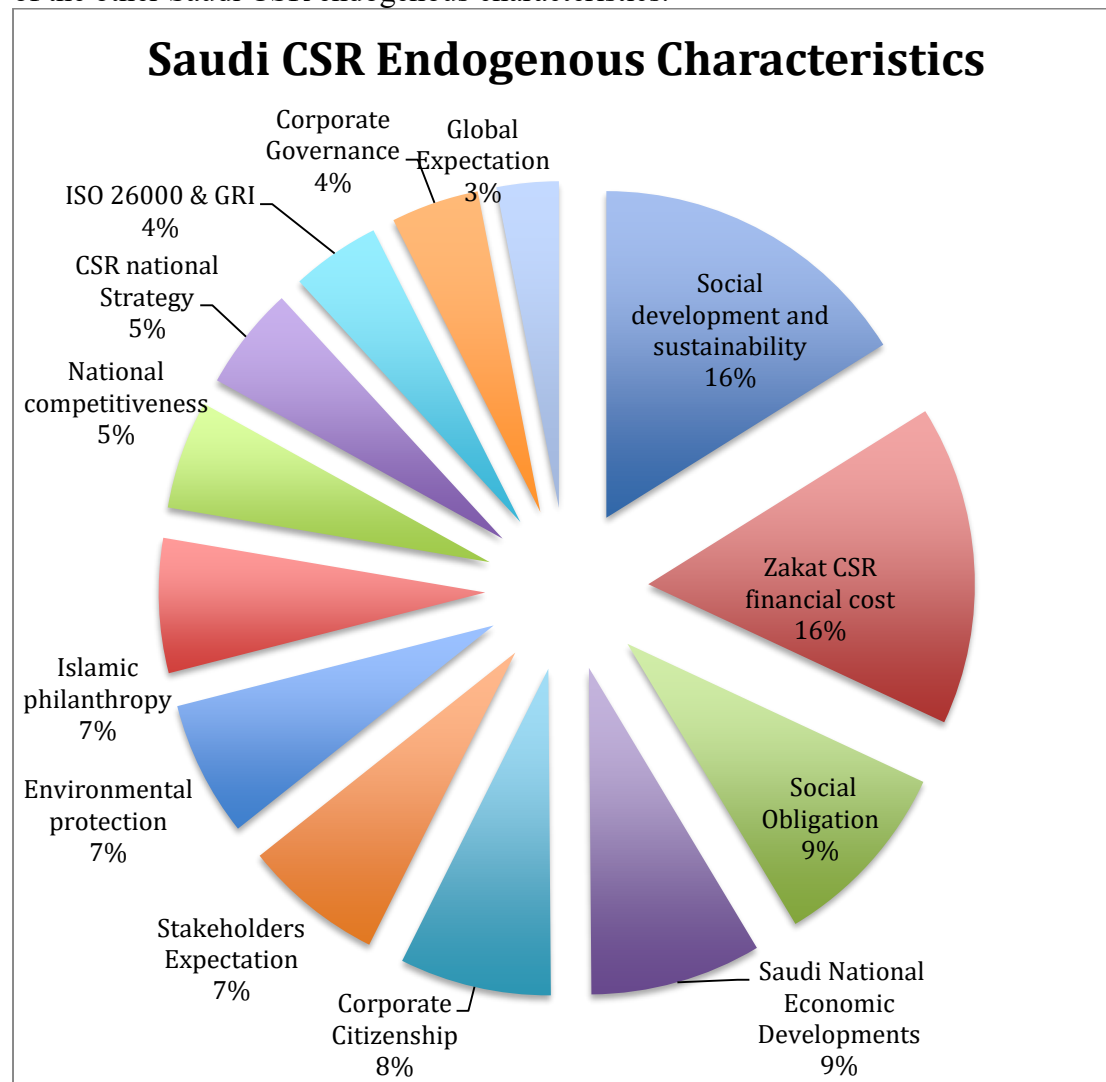


Figure 27: The Saudi Endogenous CSR Characteristics Analysis Pie Chart

The above graphical representation shows the interpretation of the magnitude of each characteristic in relation to the others. It is useful to identify the Saudi CSR distinctive characteristics, which is the researcher's aim. Please note these are not totally independent of each other and they interact and interlink in many ways. Hence, Carroll's combined propositions are applicable here. The interactive relational parameters are identified according to the proposed Carroll's CSR combined model classifications (for further elaboration, see chapter 6).

### 5.3.6 Confirmation of the Saudi CSR Final Model

The above results suggest undertaking some alterations and customization for the Saudi CSR endogenous components, which is represented by the following chart

Endogenous Saudi Contexts' Customization.

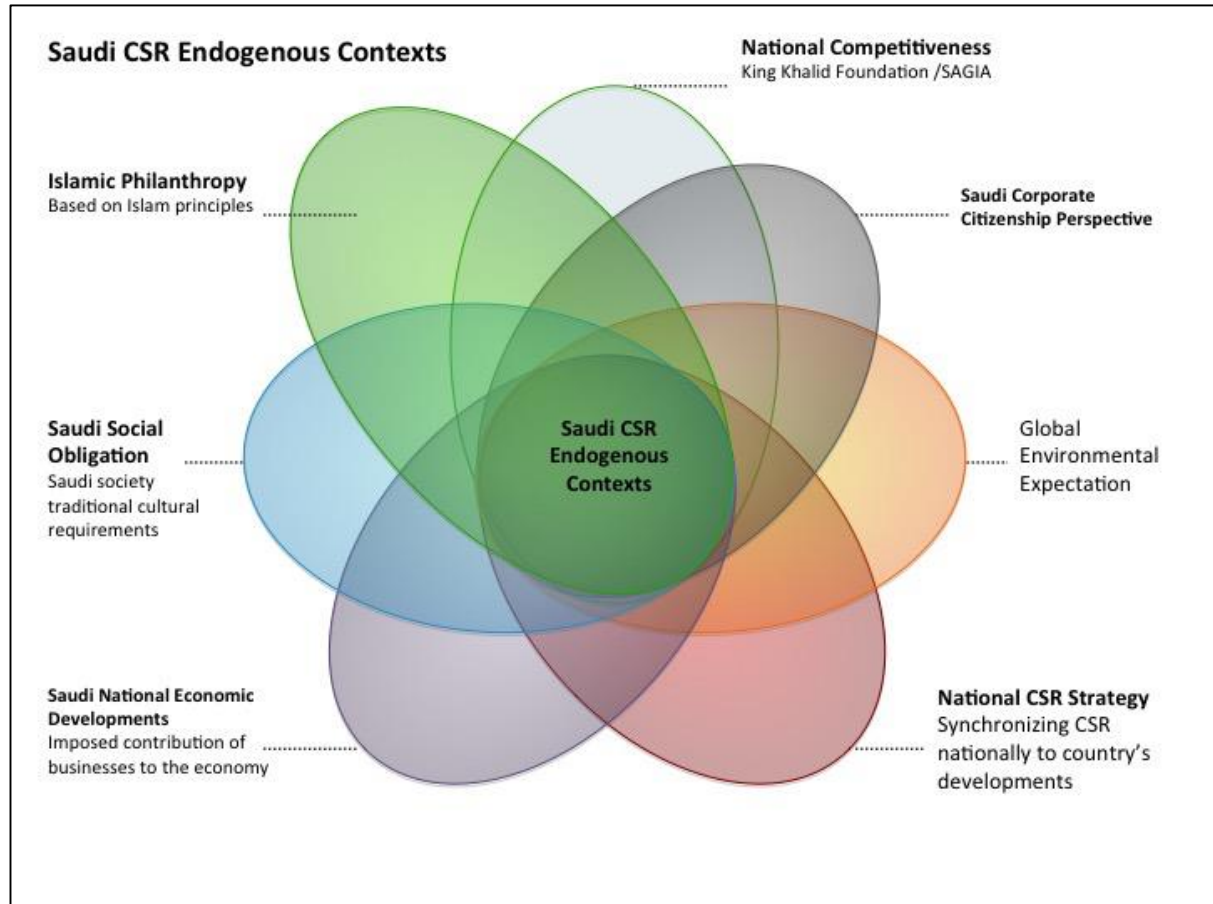


Figure 28: Confirmation of the Saudi Endogenous CSR Characteristics Established Model

The above figures display the findings of the research; they identify and distinguish the endogenous (distinctive) CSR Characteristics in Saudi Arabia, which in line with the initial proposed research conceptualized Saudi CSR model contexts, together with findings of those unique CSR characteristics were obtained during the empirical analysis (see the above results).

Although the sizes of each loop or vin are equal to each other. Each loop or vin represents certain concluded Saudi CSR characteristics and perhaps the size of each corresponding loop or Vin should be altered according to the importance and magnitudes of each character found in Saudi Arabia. For example, social obligation and economic national development play major parts in CSR implementations compared to national competitiveness and

environmental issues. The above representation needs to be adjusted for other Saudi CSR characteristics, such as shareholder expectation. Hence one the research recommendation is to undertake further studies to established those suggested alterations.

The final conclusion shows that Saudi endogenous CSR characteristics are not impartial, and that they are distinctive in comparison to the CSR generic Western and international main concepts. Generally, they are, in essence, an indirect continuation of those concepts but they are built uniquely when adoption and adjustment are made to fit them to the local unique cultural, economic, social, and ideological parameters and limitations governing Saudi Arabian business communities.

## **5.4 Chapter Summary**

This chapter has addressed the research questions of what the endogenous characteristics of the Saudi CSR model are. It has also highlighted some of the relevant details of CSR unique conceptualization and illustrated how the Saudi CSR features became endogenous or distinctive within Saudi CSR practices. In addition, the outcome of the investigation of the overlapping and interlinked relationships between Saudi CSR endogenous characteristics and Western ones are outlined and explained. The latter can be used for the Saudi CSR interpretation via Carroll's adopted combined Three-Domain CSR model, which will be represented and explained in the next chapter. Additional interpretation of the Saudi CSR and other main features is undertaken and the results are exhibited. The proportion and magnitude of each Saudi endogenous CSR characteristic are highlighted and graphical representations for the results are shown. Furthermore, the original conceptual proposed model was compared to the others and amended slightly in light of the current results. One can conclude that most of the research questions are dealt with and that positive responses are obtained, confirming the proposed Saudi CSR endogenous characteristics.

Thus, the research has achieved confirmation of the Saudi CSR endogenous characteristics and has also identified the nature of Saudi CSR unique conceptualizing compared to the CSR generic concepts. This have been accomplished either through the literature reviews and debates outlined in the previous chapters or via the formulated results and their relevant interpretations that have been previously addressed, as well as through the development of

the procedure to analyse the Saudi CSR using Carroll's established adopted combined Three-Domain CSR model.

The next chapter introduces the discussion and final conclusion of the thesis, and furnishes the research interpretation, implications, and limitations of the study, in addition to the representation of the research contribution and recommendations.

## **CHAPTER 6: CONCLUSION AND RECOMMENDATIONS**

### **6.1 Summary and Observations on the Findings of the Final Empirical Saudi CSR Model**

Figure 29 below presents the final Saudi CSR endogenous model. It provides the outline findings, the primary contribution, and the conclusions of the study. It focuses on identifying the interactions between Western international and generic CSR principles, which are conceptualized and applied within the CSR endogenous initiatives in Saudi Arabia. These represent the research findings and conclusions, which should be considered in addition to what has been achieved utilizing the positivist research method, whereby propositions are made and represented by the endogenous parameters of the Saudi CSR current initiatives, which are consequently considered as the local Saudi Arabian CSR interpretation and application of the conceptual, philosophical, empirical, and practical levels.

The findings contained in Figure 27 suggest that some of the endogenous Saudi CSR characteristics are related to the generic Western CSR concepts and applications of the 1950s, 1960s, and 1970s. They are mainly concerned with the need of organizations to contribute to their society and that their activities should be extended beyond the core activities of business profitability.

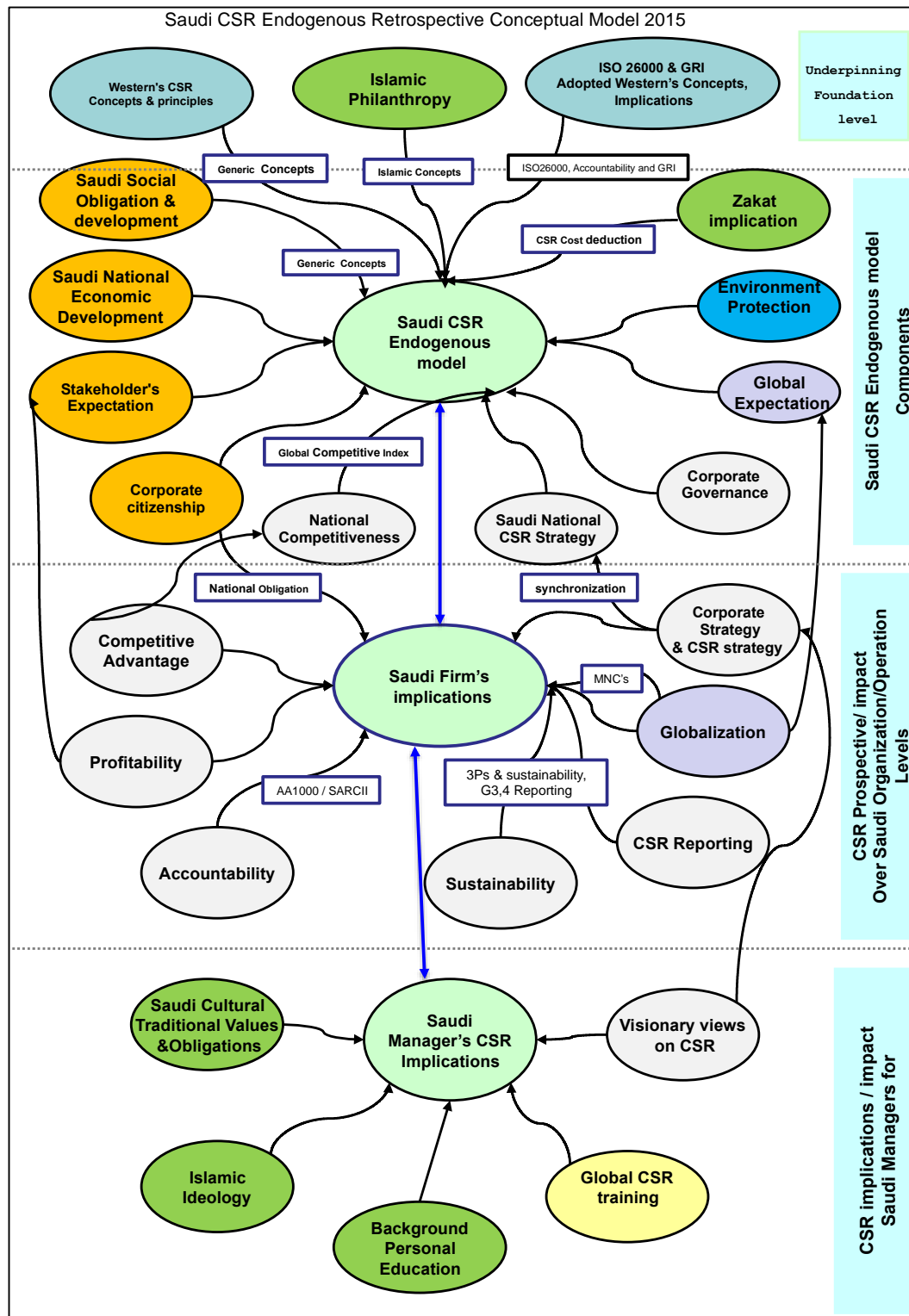


Figure 29: Confirmation of the Saudi CSR Model

One can observe a little bit of confusion among Saudi managers and the Saudi public concerning what is meant by corporate social responsibility (CSR) and related concepts such as national social responsibility, general social responsibility, national development, and so on. The Saudi CSR endogenous characteristics relate to the nature of currently intended misconceptions, misinterpretations and misconceptualizing of generic and international CSR concepts by the Saudi managers. Furthermore, they are attributed to the unique alterations and adaptations made to the imported CSR concepts and practices in an attempt to fit them to the local social, cultural, economic, and national development demands of Saudi society and its nationals.

Likewise, the above figure shows the adjusted conceptual Saudi CSR additions of Zakat and Islamic philanthropy, as both are essential concepts and practices in Saudi Arabia. The research confirms the important role of the deeply rooted Islamic ideology represented by the endogenous Saudi CSR characteristics, namely Islamic philanthropy, which is utilized in major Saudi CSR formulation and activities.

Moreover, an alteration is made concerning the impact of Saudi CSR at the organizational level, whereby Western CSR generic concepts are adopted by Saudi companies for the production and publication of CSR reporting: concepts such as the three Ps and profitability relating to stakeholder expectations, accountability, sustainability, and sustainability reporting. It can be noted that although Saudi firms use those generic adopted Western concepts, they still adhere to their CSR reports, to the local endogenous CSR requirements, and they are not fully implementing the concepts as they are used by Western or international companies. The implications of ISO26000 and global reporting initiatives (GRI) to the Saudi CSR context and reporting will be discussed in a later section.

Furthermore, the impact of the unique social obligation and development of Saudi society on its nationals is one of the dominant features of the Saudi CSR conceptual model and practices in Saudi Arabia. Similarly, the Saudi national and economic development of the CSR scope and role are apparent and essential for assisting the Saudi government in the process of implementing the Saudi national, economic, and development strategic plans. Another implication is the confirmation of the Saudi CSR national strategy and the requirements of synchronizing Saudi firms' corporate strategy with the national CSR strategy. The findings identify and confirm the presence of the notion among the Saudi firms.



Additionally, Saudi MNCs and globalization have an impact on their local endogenous CSR policies in Saudi Arabia. Finally, the Zakat implication for CSR practices in Saudi Arabia is added to the model. Zakat plays a crucial role in both the promotion and reduction of Saudi CSR initiative developments, as will be discussed in detail in a later section. It can be concluded that some additional alterations have been made to the Saudi CSR conceptual model, which reflect the findings of the research. Those alterations complement the original Saudi CSR conceptual model developed via pilot studies and analytical reviews of the literature.

No alterations were made to the Saudi CSR model implications regarding the impact on the management and leadership levels because this section of the model is not designed for the empirical testing stage. Yet, it is still clear that the original context of this part is interpreted within the analytical analysis forming fundamental components of Saudi CSR origins, foundation, and practical applications from the perspective of the Saudi managers and leadership taking forward the Saudi CSR initiatives in their companies. It is the researcher's conviction that the Saudi managers are not only accountable to Almighty Allah but also to their inner self regulations and ideologies and to the Saudi cultural and traditional values inherited by Saudi society from the deeply Islamic culture.

Even though the Saudi managers embrace modern CSR approaches, they still take into consideration their Saudi cultural and traditional social expectations and obligations as demanded by Saudi society. The same interpretation is valid for the rest of the Saudi managers' CSR implications: vision and mission formulation for the CSR projects in their companies, the Islamic ideology perceptions governing their actions, the application of the total CSR activities, the implication of any international training programme related to ISO26000, GRI, G3-G4 or other sustainability reporting skills, and the implication of their background academic education, as most Saudi managers are educated in Western countries and in the United States of America.

### 6.1.1 Amended Conceptualized Saudi CSR

Figure 30: Confirmation of the Saudi CSR Endogenous Model (Amended Findings)

Source: developed by the author

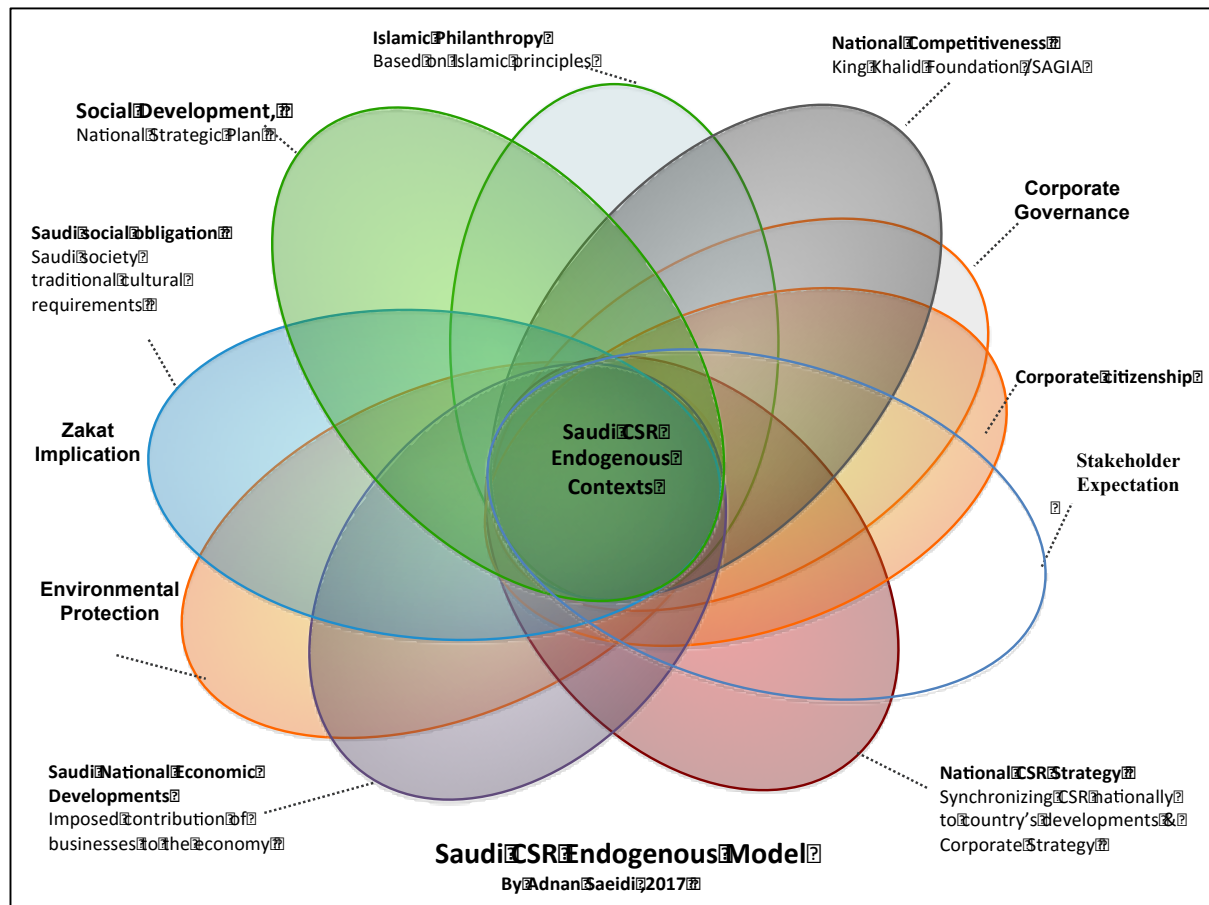


Figure 2 above outlines the final research findings; it demonstrates that Saudi CSR is an accumulative interaction of all the Saudi CSR endogenous characteristics. Thus, it identifies and distinguishes the endogenous (distinctive) CSR characteristics in Saudi Arabia that are adjusted to incorporate the most important endogenous characteristics established by the research findings. It can be concluded that the Saudi CSR endogenous context is an integral part of the others; the parts complement and supplement each other. Carroll's (1991) combined Three-Domain CSR model is used to explain the nature of the relationship between them and their practical implications for Saudi CSR practices, together with the recommendations suggested for improving the accommodation of each category within the Saudi CSR conceptual model. The variations are clear: they highlight the importance of social development and the Zakat implication for the Saudi CSR model.

The next section focuses on interpreting the contents of the findings of the Saudi CSR final model. Each main generic Saudi characteristics or category will be explained and illustrated within real-life practical implication in Saudi Arabia. Further analysis for some selected examples of those unique implications are conducted using Carroll's Three-domain CSR adopted model together with highlighting the influences in relation to the Saudi CSR initiatives.

## **6.1.2 Saudi CSR Characteristics – Discussion and Implications**

### **6.1.2.1 Saudi National Economic Development**

The concept of Saudi national economic development is a new concept, and the researcher has introduced it for the first time as one of the Saudi CSR endogenous characteristics. It is closely related to social development and the two developments should be considered together when CSR national issues are addressed in the CSR debate. National economic development refers to the governmental strategic plan objectives set out for Saudi Arabia. More specifically, this is related to the notion of the diversification of economic resources and the development of Saudi national skills and human resources, industrial, and manufacturing capability of the country. The Saudi Ministry of Economy and Planning is in charge of achieving those objectives.

It seems that there is a relationship between social development and Gross Domestic Product (GDP) in Saudi Arabia, which expanded 2% in the fourth quarter of 2014 compared to the same quarter of the previous year. The GDP Annual Growth Rate in Saudi Arabia averaged 5.15% from 1969 until 2014<sup>48</sup>, reaching a height of 27.49% in the fourth quarter of 1974 and a record low of -11.10% in the fourth quarter of 1982. The GDP Annual Growth Rate in Saudi Arabia is reported by the Central Department of Statistics and Information. The achievements in the development plan reports issued by the Ministry of Economics and Planning for the years 1970 to 2013 show facts and figures about socio-economic progress, and they report on a series of economic and social development national strategies.

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<sup>48</sup> Saudi Arabia GDP Annual Growth Rate | 1969-2015 | Data ... (2017.). Retrieved from <http://www.tradingeconomics.com/saudi-arabia/gdp-growth-annual>

According to the Ministry, the future vision of the Saudi economy (2024 G) identifies the developmental approach adopted by the Kingdom for its long-term socio-economic direction and its strategic priorities and development path. The vision expressed the planned socio-economic and cultural goals up to 2024. This constitutes the basis for formulating the long-term strategy of the Saudi economy as well as other relevant strategies, such as the National Industrial Strategy, the Information and Communications Technology National Plan, the National Transport Strategy, the Health Care Strategy, the Social Development Strategy, and the National Social Strategy and the Saudi Employment Strategy.<sup>49</sup>

The Kingdom's development planning experience is characterized by flexibility and enthusiasm to develop a planning methodology that reflects the prevailing conditions and that is in line with the rapid technical and scientific developments. In this respect, development planning practices have evolved from the planning and implementation of individual public sector projects to programme planning, which encompasses integrated clusters of projects. With the increased role of the private sector, the "indicative planning" approach was adopted. This approach was further refined to take into account comprehensive strategic planning, with due significance accorded to the details of economic policies and measures, to the issues of competitiveness, balanced regional development, and the move to a knowledge economy.

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Relatively, Saudi companies are encouraged to participate in the social development plans. Hence, the researcher considers social development as representative of all socioeconomically related development strategies drawn up by the Ministry, which include employment, national health care, education, and so on. Thus, the Saudi national economic development is inseparable from the notion of social development in Saudi Arabia.

#### **6.1.2.2 Zakat CSR Financial Cost**

Zakat is an Islamic principle that has been utilized for thousands of years. Islamic societies are dependent on the Zakat contribution for achieving the everlasting social development of the society. Zakat involves taking from the rich and providing for the poor in a sustainable

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<sup>49</sup> INDICATORS OF SOCIO-ECONOMIC PROGRESS. (2017.). Retrieved from <http://www.mep.gov.sa/inetforms/themes/clasic/file/download.jsp?DownloadTranslat>

<sup>50</sup> *ibid*

way. However, the question to be raised is whether or not the current Zakat contribution revenue is sufficient for achieving Saudi social development sustainability. Hence, considering the volatile rate of Saudi population growth and the consequent social care and development requirements of the emerging young population, the answer to the above question in short is that it is not sufficient.

Another important issue is whether the Zakat financial contribution conflicts with CSR financial costs. Some Saudi managers are reluctant and confused about the CSR contribution and Zakat cost, which is relevant to large Saudi companies with a huge Zakat annual contribution. The Zakat rate of 2.5% is high, and it does not encourage Saudi companies to embrace CSR projects, which are likely to have additional financial costs. Consequently, has the current Zakat system reached the social development targets? Is it in essence providing social development with newly emerging impetus for expanding the Saudi society? Has it been synchronized with the national CSR strategy, and the Saudi companies' CSR policies?

In brief, an attempt is made in this thesis to answer the above questions. However, the questions are extremely difficult to be fully addressed. However it has been partially answered within the Zakat debates introduced during the analytical analysis stage and the recommendation section of this thesis.

Based on the official information about Zakat in Saudi Arabia, it can be said that the current Zakat system is merely looking after a small section of Saudi society. It is a very slow system in responding to the real social development needs of Saudi society. Hence it is only designated to provide financial help to a certain section of the society; it does not involve itself in other social development projects whatsoever or linked to the social capital developments of the country. This is evidence via examination of 'the DZIT, Zakat and Income Decree, Purpose, and Vision Statement' stated on the ministry of Zakat and Income Tax official web-site (see below figure). Therefore, further investigations for those mentioned notions are required in the future.

The Department of Zakat and Income Tax (DZIT) is a government agency that reports to the Ministry of Finance. It was established by Ministerial Resolution no. 394, 7/8/1370 H. (Dated 14/06/1951).

DZIT objectives can be summarized as follows: Assess and collect Zakat on business activities from Saudi persons and citizens of member states in the Gulf Cooperative Council; Assess and collect tax from persons subject to tax according to relevant laws and regulations; Improve taxpayers' voluntary compliance through fair treatment, excellent performance, better taxpayers' awareness, and improved services delivered to taxpayers.

Zakat revenues are automatically remitted to a special account allocated to spend on the needy and poor. It is registered with the Social Insurance Agency of the Ministry of Social Affairs. Tax revenues are part of the state's public revenues that meet public expenditure that the government of the Custodian of the Two Holy Mosques incurs as it provides various services to its citizens and residents.

Figure 31: DZIT, Zakat and Income Decree, Purpose, and Vision Statement<sup>51</sup>

It can be concluded from the above extract that it resonates with and confirms the researcher's outlined findings and observations in this regards. Such as: There are nearly eight million non-Saudi residents in Saudi Arabia and some of them constitutes a large percentage of the disabled and needy people in the country. Hence DZIT financial aids system is designed to cater for Saudi nationals only. Also many Saudi national who are on the borders of poverty line can't register easily on DZIT financial aids. Hence, recently , Saudi Vision 2030 is accommodating for those classes.

However, it can be argued that abandoning a large section of the needy in Saudi Arabia (even if they are non-Saudi nationals) does not help the social development of society and enhancing the social capital of the country; in fact, it creates a setback for society. The CSR

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<sup>51</sup> Department of Zakat and Income Tax – Mission andamp; Vision.(2017.). Retrieved from <https://dzit.gov.sa/en/mission-vision>

projects implementation should open the boundaries for all categories and prevent segregation and discrimination in Saudi society.

Based on the findings, the research suggests the need to link the Zakat contribution with CSR initiatives in Saudi Arabia. This link can be beneficial for other needy people in Saudi society; it will no doubt contribute to the social development sustainability of the whole country. DZIT should welcome future studies and investigations into achieving collaboration with Saudi companies seeking to implement and develop CSR projects aimed at Saudi social developments and sustainability, as introduced in this research.

### **6.1.2.3 Saudi Social Obligation**

Another factor complementing national economic and social development is the Saudi social obligation, which is unique and has a special relationship with the endogenous characteristics of Saudi CSR principles. This is a newly identified concept relating to the general notion of Saudi society, its social expectations of Saudi companies. There is a relationship between the size of the company, its business activities, closeness to the public, and the magnitude of the consequent social obligation to and expectations of Saudi society.

Hence, it can be said that the Saudi companies that engage with the provision of public services face more social obligations and demands from Saudi society. Based on the notion of reciprocal contribution to society, Saudi companies can find themselves in very difficult circumstances if there is no CSR in place, as adhering to CSR policies can help them to overcome those difficulties. Hence, if Saudi companies have a CSR strategy and related reporting policy, they can be seen as abandoning the notion of being reciprocal to Saudi society; furthermore, they cannot be deemed as not contributing back to their Saudi customers.

Generally, it is observed that some Saudi companies are seeking CSR certification to gain the image of being more social responsible; they are seen as promoters of CSR considering the fact that Saudi companies are seeking certification in all of their business activities, as explained earlier in the research. Consequently, they are confused about ISO26000 clarification and certification. Although the main intended objectives for setting up ISO26000 were purely for it to be used as a guideline, Saudi companies are seeking certification of the way they provide their sustainability reports, using G3 and G4 of the associated global

reporting initiatives in GRI formatting. Saudi companies do not realize that CSR is more complex than just producing G4 CSR reports; CSR should be part of their vision and mission. Their CSR strategy should be synchronized to the Saudi national CSR strategy, thus supporting the country's social development and consequently their own sustainability.

The different sections of Saudi society are structured closely and tightly and Saudi corporations are expected to show that they are responsible corporate citizens. Saudi society demands more and more funding and intervention to improve its basic social conditions and the corporations are obligated to carry out these requests voluntarily. Saudi officials encourage the notion of corporate citizenship and the leaders of the Saudi CSR initiatives are major senior organizers and activists.

Social obligation can be a confirmation of two generic concepts: being good corporate citizens and stakeholder theory. It relates indirectly to the notion of social developments and interacts directly with other specific practical activities such Saudization, and women's employment.

#### ***6.1.2.3.1 Saudization***

Although Saudization aims for reducing unemployment and achieving the Saudi national strategic development plan, imposed through the recent labour law, Saudization can be recognized as an additional social obligation for some Saudi companies, whereby the Saudi managers are concerned with Saudi society employment and the national skills and development needs. Thus, often some small and large Saudi corporations are engaged in extraordinary nationalization programmes aimed at transforming the local unskilled, unproductive Saudi nationals into a highly skilled workforce, and they often extend their professional training services to other inexperienced Saudi companies. Major strategic alliances are taking place with the local professional training colleges and universities to prepare the Saudi youth and nationals for the Saudi labour market, whereby the provision of basic and advanced training skills required for the current and future labour markets are introduced and incorporated in newly offered courses and professional training programmes.

One can conclude that when Saudi companies address the issue of Saudization beyond the stage of basic legal responsibility, it reaches the level of social contribution and becomes a



positive force for the social development of Saudi society that is part of the company stakeholders. This action consists of ethical, economic, and social aspects. The ethical can be related to Islamic duty towards the needs of their Islamic societies as they are contributing to the good of those societies by enhancing employment among Saudis. Thus, they reduce crimes and protect society from possible high unemployment and social deprivation, and they provide Saudi nationals with financial resources and a good standard of living through Saudization, reducing their dependency on the Saudi government's social care system. GDP can be supported by this process, and also the Saudi economy. Finally, many social benefits can be obtained from Saudization and the skills development programmes, among which are:

- ❖ Enhancing the social standard of living of Saudi nationals and their families, bringing about social stability
- ❖ Supplying the required Saudi skilled workforce
- ❖ Strengthening Saudi companies' social integration and contributions to their societies
- ❖ Reaching a win-win situation and realizing mutual benefits for both Saudi companies and nationals; Saudi companies respond to the Saudization legal responsibility, providing Saudi nationals with jobs and prosperity.

### 6.1.2.3.2 Saudization – Carroll's Three-Domain CSR Model Representation

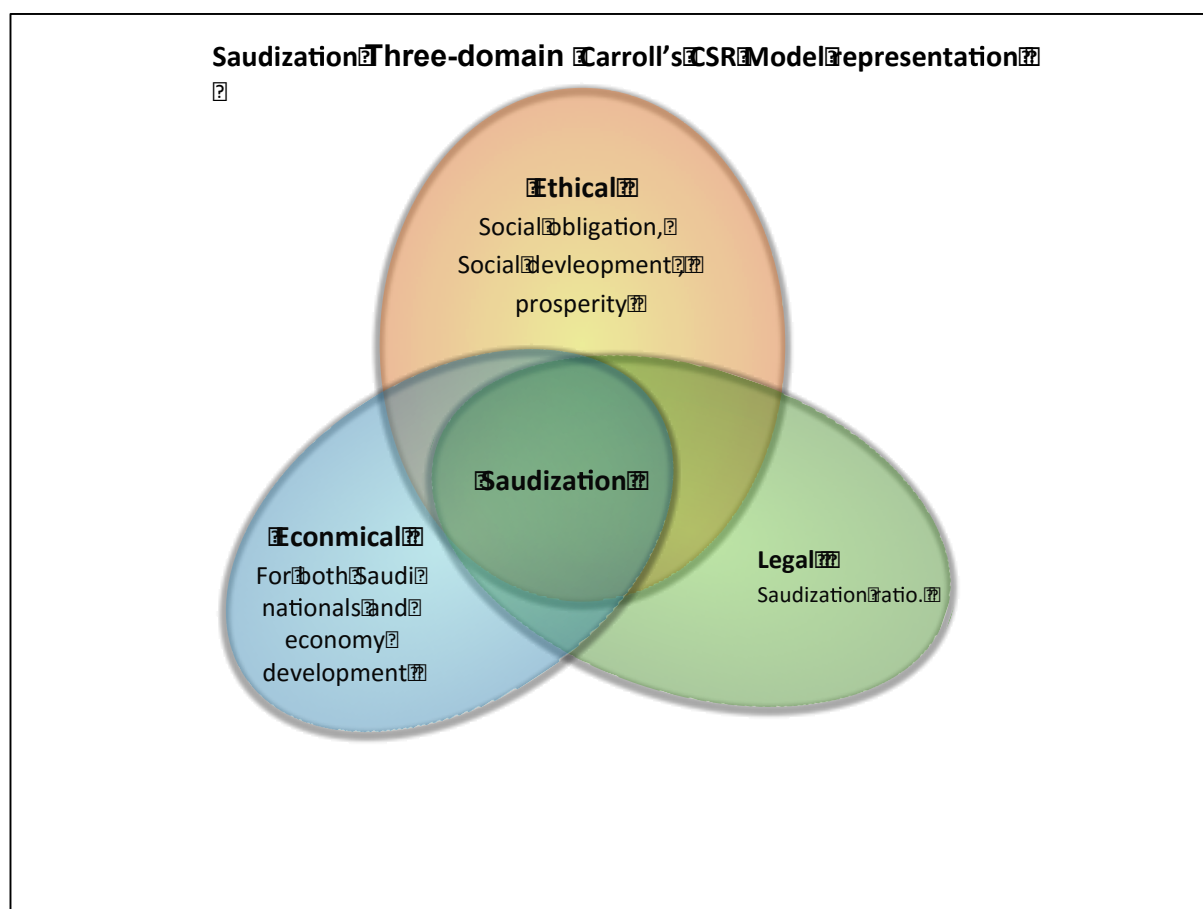


Figure 32: Saudization– Carroll's Three-Domain CSR Model Representation using Venn diagram.

The above representation attempts to display the overlapping relationship between Saudization CSR classifications according to Carroll's Three-Domain 2004 CSR model. Each Venn diagram represents an aspect of the model, whereby it can be seen that the ethical components are more significant than the other two factors, as explained above. The ethical Venn-sheet shows the larger proportion of the ethical factors, which can correspond to the additional economic and philanthropic efforts for promoting the Saudization programmes within an organization.

On the other hand, the legal and economic factors and reasoning for the Saudization embracement by Saudi companies are less significant than the ethical economic and philanthropic factors. Saudization is at high priority for both Saudi companies and the government agencies and hence it is an essential component for social development and

social obligation; thus, it is not only there to respond to the legal requirements and consequent responsibilities but also to promote good corporate citizenship and enhancing the social development of the country.

#### **6.1.2.4 Saudi Corporate Citizenship**

Saudi corporate citizenship referred to by the researcher is the extended corporate citizenship that can be used as an instrumental principle for meeting the country's social obligation. Therefore, it is vital for Saudi companies to appreciate, understand, and apply the concept correctly. Within the Saudi perspective, this notion means that Saudi companies are expected by the public to be engaged more and more in Saudi society's developmental affairs. Many Saudi customers argue that Saudi companies are only making huge profits out of their business activities and that they do not give any contribution back to social development, which they should.

The social obligations are mounting up for Saudi companies and demands for them from their stakeholders are getting sharper and louder, with the accepted notion that Saudi companies should be primarily partners and participants in the social and national development of the country. In essence this is another facet of applying good corporate citizenship and caring for Saudi society. This suggests that applying the later concepts adequately can be used as an indicator or a means of measuring involvement in the national development obligation; thus, the Saudi managers are reciprocating and giving back to the community, and expressing gratitude to the members of the community in which the companies operate.

Also, being a good corporate citizen cannot be viewed in isolation from being a good Muslim and implementing the Islamic principle of stewardship of society. Hence, corporate citizenship is closely related to the Islamic philanthropic activities of both the company and the managers in Saudi Arabia, where they are looked at as being responsible for those people outside the scope of the core business activities. The practical implications serve as evidence for providing financial care for the needy and those with special needs, assisting in providing additional required facilities to complement the Saudi social care service system, providing financial and developmental means and attention for low-income families. Islamic philanthropy can be combined with being a good Islamic corporate citizen, not only to meet the local community's needs, but also to extend the companies' contributions to broader Muslim communities, in essence confirming that being good corporate citizens is not only

limited to the local society but also extends to the rest of the world communities, including the Muslim world.

Therefore, contributing to the needy members of Saudi society by Saudi companies is a crucial component of the Saudi CSR endogenous characteristics. Also, Saudi organizations are inseparable social development entities within local Saudi societies, whereby their participation magnitude can be directly linked to the companies' public image regarding this notion. Their actions are scrutinized by Saudi society and government officials, and the general perception of the company is then formulated accordingly.

Numerous nearby Arab countries have witnessed political and social uprisings, where the local population accused large business entities of not doing enough for national development. This makes it more urgent for Saudi companies to take notice of their corporate citizenship and their social and developmental responsibilities. Thus, ignoring being a good corporate citizen and the duties of their social obligations could lead to the company's CSR misconception and failure in the long term.

#### **6.1.2.5 Stakeholder Expectation**

In addition to what is discussed in sections 2.4.2, 5.2.4, and above regarding this issue, extra implications can be related to the major Saudi companies' stakeholders, Saudi society, and national development obligations. Saudi companies are considered as responsible partners, and are acting as conglomerates in the Saudi national development.

Equally, stakeholder expectations, including the firm's sustainability, profitability, and capital growth, cannot be ignored completely or overlooked by the Islamic ideology and social obligation demands. Hence, a company sets out, initially, to make a profit, and not to be responsible for the wellbeing of Saudi society. Stakeholder expectations are growing; they influence Saudi CSR activities and are becoming more sophisticated day after day. Saudi firms are embracing the notion of CSR sustainability reporting and the three Ps CSR concepts, even with the absence of the pressure groups representing all three factors, especially environmental obligations. Yet, the Saudi firms are taking on the application of recent popular international CSR initiatives such as ISO26000 and GRI (the implications are outlined earlier in section 4.2.4).

### **A Concluding Remark**

One can summarize the main points discussed above as follows:

The Saudi company CSR reports including GRI are analysed mostly within the documents available. Changes are made while conducting interviews; for example, Saudi Arabian Investment Bank SAIB is shown in CSR GRI reports.

The notion underlying the objective of publishing CSR reports is illustrated: it is to measure progress and to be part of CSR sustainability reporting, transparency, and accountability for the organization. It has been made clear that all relevant departments participate in the development of sustainability reporting in accordance with the GRI-G3 Guidelines introduced as a joint effort between ISO26000 and GRI initiatives.

The necessity for developing a CSR strategy and a policy based on ISO26000 CSR endogenous adoption is emphasized; it involves establishing unique alterations to match local, cultural, and social responsibilities and obligations .

It has been pointed out that some other Saudi companies produce their own CSR report format, which, in essence, complies with International Organization for Standardization (ISO) and GRI requirements; however, they are intended for their local market communication and are often prepared in Arabic.

Therefore, it can be concluded that the stakeholder expectations are part of the Saudi CSR endogenous characteristics since they are influenced by strong Islamic ideology; all are involved where Western and international CSR matched concepts are adopted to fit the Saudi unique cultural, social, and Islamic shareholder expectations.

#### **6.1.2.6 Environmental Protection**

This section complements sections 3.2.5 and 5.2.20. The first section, environmental expectation, is related to the large companies of Saudi MNCs that operate in other countries across the world. Saudi CSR is locally affected where the Saudi MNCs attempt to promote and/or implement the same application of modernized CSR policies imported from other sections of the company operating in other parts of the world. However, adaptation is necessary for applying each CSR policy within the scope of Saudi Arabia, which is due to the

endogenous cultural Islamic expectations and responsibility for the social and economic development of the country.

Global implications of the Saudi CSR have been apparent since Saudi Arabia became a member of the G20 and a partner in many international environmental protection agencies; As a result, large Saudi petroleum companies in many sectors of the world are abiding to those environmental protection regulations.

Although it has been argued that protection of the environment is part of Islamic teaching for both the individuals and the company, Saudi companies still seek to promote the concept within the boundaries of Saudi Arabia, as the country becomes an active member of the UN programme for environmental protection..

Harmonization for environmental protection initiatives and Islamic ideology concepts are primarily activities within Saudi Arabia, which, in essence, refers to the preservation of the country's natural resources including protecting the basic raw materials and preventing harm regarding industrial production and natural resources and wildlife protection. Saudi MNCs, which are engaged in other CSR activities internationally, can import CSR techniques into the Saudi environment and enhance the learning curve of other Saudi companies; for example, Aramco's case and their operation across the globe. The endogenous feature is that environmental protection in Saudi Arabia is a common Islamic practice before it is considered as a CSR. Many aspects of the applications include water preservation and wildlife protection.

#### **6.1.2.7 Islamic Philanthropy**

This section supplements sections 3.2.1 and 5.3.2. According to Islamic teaching and literature, all Muslims are brothers and sisters and act as part of a big Islamic corporation for upholding social, environmental, and cultural Islamic concepts at all times. Islamic teaching encourages protecting the environment and Muslims are always united over what they should do regarding, for example, the environment, social care, education of children in need, equal opportunities in work, equal pay, and so forth. It is a spiritual view that is founded in the Quranic teachings and Al-Sunnah whereby an appropriate philosophical framework is provided purposely for the interaction between humans and nature and even with other human beings.

Rich merchants and wealthy individuals donate large sums of money or capital assets for establishing charitable projects. This is referred to as Wagaf. Hence, the donated funds are used continually for sustaining and achieving Wagaf objectives. Examples of Wagaf are: establishing care homes for orphaned children; opening new schools for special needs people; setting up colleges for youth training and education, and so on. As pointed out earlier, the research aims at introducing the concept of Islamic philanthropy which appeared on the website of the World Congress of Muslim Philanthropists (WCMP) as a tool for Muslim corporations that are referred to as “socially responsible corporations”. According to WCMP, it is related in principle to “accountable giving”, which can be explained as the requirement of Islamic corporations to be accountable and to reveal their philanthropic contributions to their societies. WCMP suggests that Islamic philanthropy should not only promote the local Islamic societies but also characterize the social investment opportunities present in the wider Muslim world. Islamic philanthropy is defined by WCMP as a phenomenon that is “driven by the compassion intrinsic in the Islamic values. Muslims should reach out to the destitute and oppressed, irrespective of their gender, ethnicity, or religious belief.”

WCMP suggests that there is a need for utilizing corporate Islamic philanthropy for many social needs; this requires the application of long-term strategic philanthropy. Thus, some Saudi corporations not only contribute their wealth to the local Saudi society but they also engage in other international social investments in other parts of the Muslim world. Islamic philanthropy can consequently be expressed as CSR in Islam where long-term social responsibility is met by Islamic traditional teaching, long-term solutions, and the combined Islamic philosophies.

Although Saudi firms are operating within highly Islamic charitable business environments they are still adhering partially to the main principles set out in Carroll’s 1979 CSR model, as his research shows. Hence, Saudi managers are not only accountable to Allah Almighty (God), but they are also accountable to their inner self Islamic evaluative system, Islamic society’s regulations, and the standard legal obligation boundaries that anchor Saudi managers to the unique position of interpreting and interacting with the implementation of Western and international CSR principles in their companies.

The Saudi endogenous CSR is closely related to the Three-Domain model activities that are based on their adherence to “a set of ethical or moral standards or principles” (Carroll, 1991: 40), although they are not codified into law.

Saudi society primarily adheres to the Islamic ethics and values which enforce self-generated regulations and reflect the state of both Saudi companies and their Islamic governed communities; therefore, the Saudi CSR is defined by the researcher as ‘a continuation and extension of implementing Islamic values and community principles, with respect to both, serving their business objectives, and the CSR projects they are engaged in aimed at social, national, economic communities developments and sustainability’.

Hence, Davis 1990’s CSR notion aligns to the Saudi CSR unique character of corporate citizenship, where the uniqueness stems from the fact that they contribute back to their society in compliance with their own Islamic beliefs and national obligations; they express their social responsibility to their society through anticipation and appreciation of their social needs. This seems confusing and could clash with a society governed by Islamic teaching. While adhering to Islamic ethics and values, they are primarily principles enforced by self-generated regulations and they reflect the norm for both Saudi companies and their Islamic governed communities; therefore, for the Saudis, the CSR adopted definition in this respect could be “a continuation and extension of implementing Islamic values and community principles, with respect to both serving their business objectives and the CSR projects they engaged in aimed at social and national economic communities, developments, and sustainability” (the researcher’s own definition).

The most important of Westerns’ CSR related principles is that of Davis (1960), “who introduced the idea that social responsibility might be justified with respect to its economic returns to the company”. His now-famous Iron Law of Responsibility held that “social responsibilities of businessmen need to be commensurate with their social power” (Carroll, 1999: 271) and only if given to them by society and officials. This notion could be related to and express the Saudi CSR unique character of corporate citizenship, where the uniqueness stems from the way they contribute to their society in combination with their own Islamic beliefs and national obligation, and how they express their social responsibility to their society through anticipation and appreciation of its social needs.



It can be argued that accountability and sustainability form the basis of many basic Muslim practices; for example, Saudi managers are accountable not only to themselves and their stakeholders but also for their own actions in front of Almighty Allah (Quran Ch. 6). This in essence shows that Islamic philanthropy is based on CSR generic concepts that have been adopted to accommodate the dimension of Islamic principles and scope within Islamic societies.

Tamkeen's social responsibility study (2007) concludes that the Saudi Arabian experience shows that most CSR initiatives and efforts are still trapped in a charity mind-set, where it can be argued that charitable donations and Islamic philanthropy play a major part in Saudi CSR and this issue should not be considered as a negative point against Saudi CSR.

Furthermore, the Saudi CSR model is described as the 'Islamic corporate citizenship and national CSR model', which focuses on meeting the requirements of the following principles and Saudi social requirements. They will be explained in detail in a later section, and are: (a) the Islamic social care system primarily provides care for all sections of society in accordance with Islamic practice and beliefs; (b) social development sustainability obligations enforced on Saudi corporations for their contribution to the social development national plan of the country; (c) the national economic development obligation imposed on large Saudi corporations for their participation in meeting the country's economic development targets.

### **A Concluding Remark**

It can be concluded that in many aspects the deeply rooted Islamic culture in Saudi Arabia governs most of the contributions of Saudi companies, which makes their Islamic based social responsibility contribution unique and distinctive. The debate on Islamic philanthropy illustrates that it cannot be classified completely in terms of Carroll's 1991 CSR model as that is just ethical, and not economic as in the 2004 Three-Domain model. Islamic philanthropy activities form a large proportion of Saudi CSR initiatives and they should not be minimized to just being additional unexplained discretionary activities, as in Carroll's 1979 CSR model.

Technically, many Saudi CSR endogenous characteristics can relate directly or indirectly to Islamic ideology teaching and philanthropy. Practical applications are social development, Saudization, women's participation, Saudi national employment, assisting needy families, training youth from poor families, and Saudi national development. This is, in essence, Islamic philanthropy activity aiming for enhancing people's life. Additionally, extending organized charitable donations and other traditional Islamic activities and projects can represent this.

#### ***6.1.2.7.1 Islamic Philanthropy – Carroll's Three-Domain CSR Model Representation***

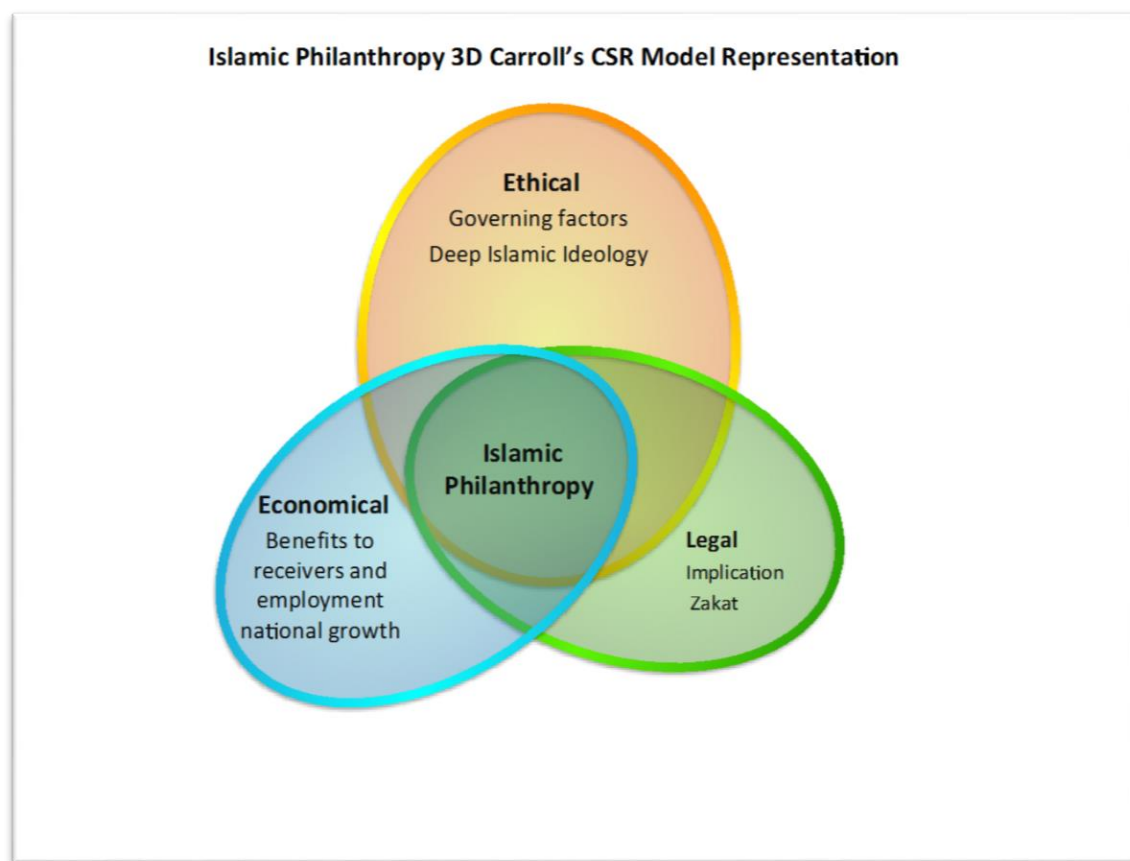


Figure 33: Islamic Philanthropy – Carroll's Three-Domain CSR Model Representation.

The above figure represents the implications for Islamic philanthropy using Carroll's Three-Domain CSR model, where it can be seen that Islamic philanthropy is predominantly based on deep Islamic ideology and guidelines that govern the whole process. Economic elements can be represented by overlapping Saudi CSR endogenous characteristics, such as social development, Saudization, women's participation, Saudi national employment, and so on.

There is also the legal implication of the Zakat contribution, and the magnitude of projects compared to the conflicting Zakat rate contribution.

#### **6.1.2.8 National Competitiveness**

This section complements the results section referred to in 5.2.5. National competitiveness relates to developing Saudi companies' competitive abilities. Saudi companies are introduced to the notion of CSR via this competition. All companies are encouraged to enter the CSR national competition index – the Saudi Arabian Responsible Competitive Index (SARCI) – which was originated and organized by the King Khalid Foundation (KKF) (a Saudi charitable organization concerned with Saudi social development), SAGIA (Saudi Arabian General Investment Authority), the national body for encouraging international investment into the Kingdom of Saudi Arabia (KSA), and Accountability, an international organization concerned with promoting CSR within the international dimension of ISO26000. There is substantial evidence that Saudi companies are aware of the concept of CSR and sustainability when they enter the SARCI competition voluntarily.

The national competitiveness programme identified by a study carried out by the International Foundation showed that accountability instructed by SAGIA is the best means for promoting CSR in Saudi Arabia and helping the Saudis achieve the goal of becoming one of the world's ten most competitive economies. The project was endorsed and supported by the KKF, which is considered the most prominent promoter of Saudi national social development and consequently Saudi CSR. Although there are many benefits for Saudi companies' engagement in this initiative, there are, at the same time, some limitations which slow the Saudi CSR initiatives among Saudi companies. Most of those limitations are:

- a) Lack of collaboration between SARCI and the KKF about national competitiveness.
- b) Lack of presence of a CSR database as suggested by Accountability for sharing past and current CSR implementation experiences and abilities.
- c) The fast-moving international CSR conceptual debate, GRI and lack of equal adaptation to CSR conceptualization in Saudi Arabia.
- d) This notion was based on leaning more towards conceptualizing the international CSR initiatives in Saudi Arabia, which as proved by the research is highly controversial and is not working for many Saudi companies.
- e) This research has led to specific recommendations for the KKF competitiveness index.

#### 6.1.2.8.1 National Competitiveness – Carroll's Three-Domain CSR Model Representation

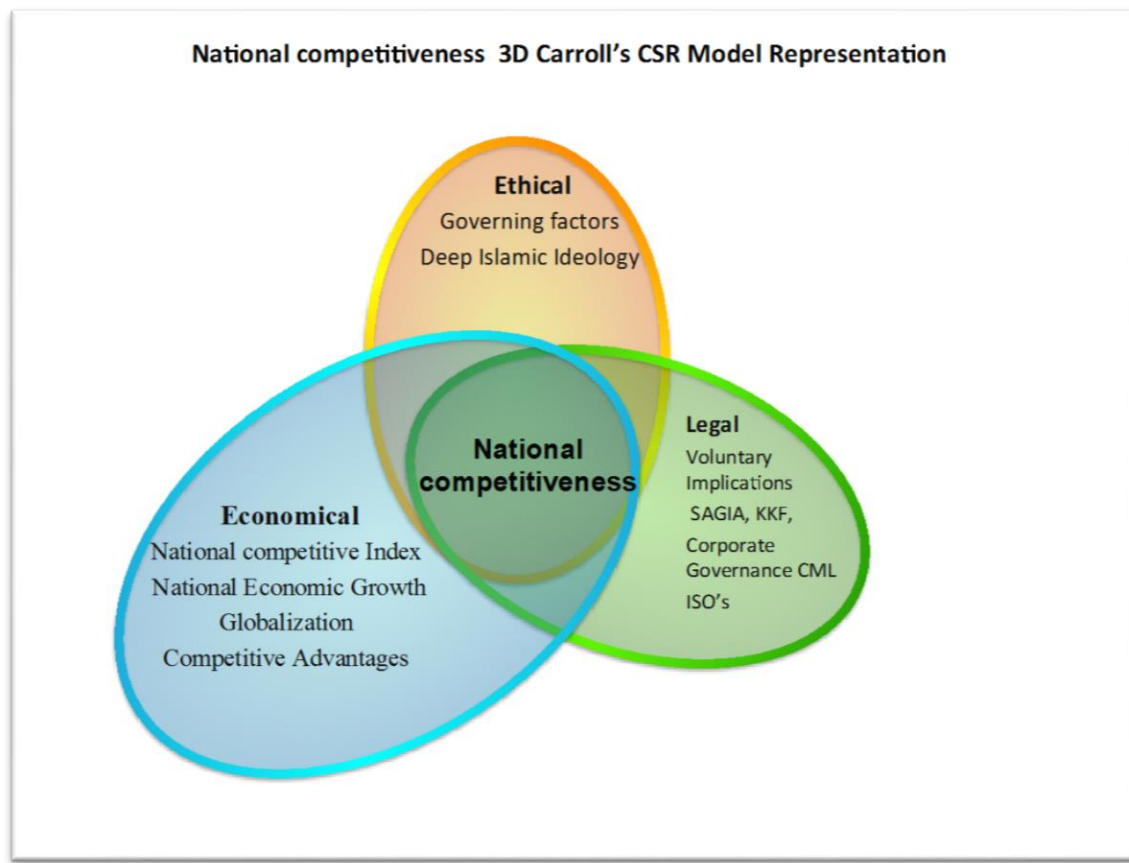


Figure 34: National Competitiveness – Carroll's Three-Domain CSR Model Representation

#### 6.1.2.9 Corporate CSR Strategy and National CSR Strategy

This section supplements section 5.2.9, and an example of a Saudi company is presented. The research findings suggest that synchronizing CSR strategy to the business strategy of a Saudi company is not an easy task. It is often seen as an impractical solution for embracing CSR in Saudi Arabia. There are many difficulties involved in promoting a CSR strategy in relation to a company's business strategy, which can be summarized as follows:

1. Many Saudi companies are following only the concept of strategic management.
2. Lack of understanding of the precise implementation of correct strategic management concepts.
3. Confusion about what is meant by a CSR strategy.
4. Lack of the presence of a Saudi national CSR strategy in the country.

At the end of this thesis there are recommendations for overcoming some of these difficulties: recommendations regarding the foundation of the Saudi national CSR strategy.

### 6.1.2.9.1 National CSR Strategy – Carroll's Three-Domain CSR Model Representation

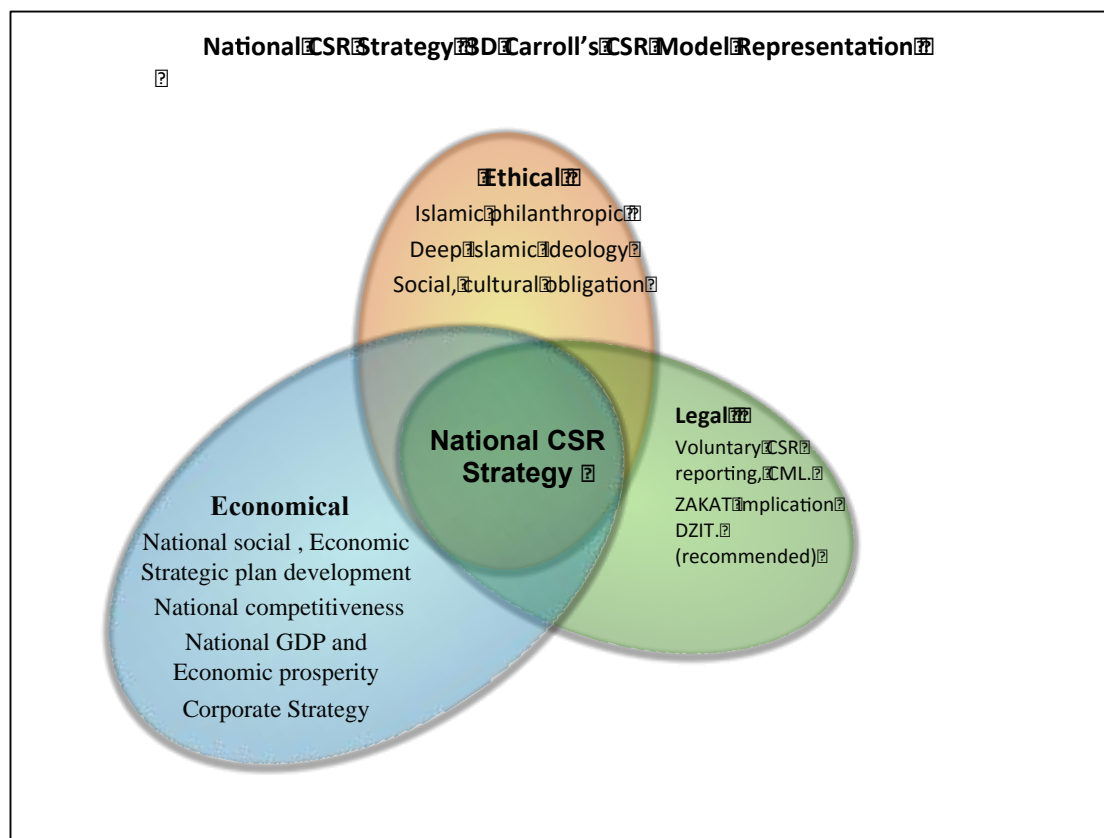


Figure 35: National CSR Strategy – Carroll's Three-Domain CSR Model Representation

### 6.1.2.9.2 Corporate Strategy: An Example

This is a case study on corporate strategy and CSR for the Dr. Soliman Fakeeh Hospital (DSFH) strategic plan. Generally, foundations are built around the aspirations and financial means of one person, a family or a community leader. The DSFH strategic plan builds into its structure and operations CSR's principles and objectives. DSFH does not differentiate between suitability and CSR notions. The latter is evidenced in sustainability reports published on the GRI website in 2013.

#### <sup>52</sup>Hospital Strategic Plan for Corporate Social Responsibility for the years 2009-2013:

The Dr. Soliman Fakeeh Hospital (DSFH) has initiated the development of this organizational strategic plan for the next five years, 2009-2013. Strategic planning is a

<sup>52</sup> DR. SOLIMAN FAKEEH HOSPITAL, Hospital Strategic Plan for ... (2017.). Retrieved from [http://www.dsfeh.med.sa/eng/images/stories/csr\\_strategy2009\\_2013.pdf](http://www.dsfeh.med.sa/eng/images/stories/csr_strategy2009_2013.pdf)

process to help the Governance Board and Administration make informed decisions and guide their actions about the future of DSFH. It is a dynamic process that evolves over time as the external circumstances facing an organization and its internal capabilities change.

DSFH sees that CSR is an essential tool for strategic planning and future sustainability and change.

<sup>53</sup> Creating alignment ensures that efforts and resources are directed toward strategic priorities. First, the administration understands that respect for the environment is a fundamental aspect of Social Responsibility: 3,000 people -- business ethic.  
The strategic plan has been designed to build on DSFH's current strengths by eliminating its weaknesses and reducing the threats

DSFH seems to utilize the classical strategic planning principles that aim for creating inner organization operational strengths as well as future innovation and creativity in this market sector. The misconception by DSFH is that CSR is confused with the Saudi organization's CSR application perspective such as profit maximization, total quality management (TQM), managerial skills enhancement, and competitive advantage over local competitive hospitals in Jeddah

The elements of this strategic plan support the accomplishment of Dr. Soliman Fakeeh Hospital's vision of providing internationally acclaimed quality healthcare services in the most affordable and financially viable way.

DSFH seeks to claim internationally acclaimed quality healthcare services provided at affordable costs in Saudi Arabia, where it can be argued that global expectation of being associated with international professional medical care institutions is a major reason for embracing CSR in the first place.

DSFH claims that CSR principles have been embedded in DSFH planning and operations

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<sup>53</sup> DR. SOLIMAN FAKEEH HOSPITAL, Hospital Strategic Plan for ... (2017.). Retrieved from [http://www.dsfh.med.sa/eng/images/stories/csr\\_strategy2009\\_2013.pdf](http://www.dsfh.med.sa/eng/images/stories/csr_strategy2009_2013.pdf)

since it was established thirty-one years ago. For DSFH, CSR is viewed as “aspiring to adopting best practice in all its components”. In fact, it used some classical strategic techniques such as SWOT analysis for this purpose. However, one can argue that thirty-one years ago, CSR in Saudi Arabia was known as being philanthropic activities, which somewhat conflicts with the notion of CSR being embedded within DSFH. This can be seen as another example of CSR misconception in Saudi Arabia.

SR [social responsibility] principles were embedded in DSFH planning and operations since its inception 31 years ago.

DSFH uses CSR as the basis for their vision, mission and values; it uses CSR as a managerial tool for gaining competitive advantages by becoming a leading, highly specialized hospital in Saudi Arabia.

**Mission:** as a leading referral hospital, we are committed to the provision of preventive and therapeutic comprehensive health care in all medical and surgical specialties in a compassionate, sincere and professional manner in order to fulfil our patients’ needs and demands, striving to achieve excellence in servicing our primary care patients together with our secondary and tertiary referrals vision.

**Values:** to achieve international standards and quality of service at a reasonable and affordable cost to our patients: values, ethics and professional integrity. Always focus on the patient. Look for continuous improvement opportunities. Understand the needs of our relationship with patients to guarantee dialogue, transparency and patient satisfaction. DSFH has four CSR pillars: the first focuses on the customer's guarantee dialogue, transparency and services satisfaction. In essence, it will enhance DSFH profit maximization and response to the stakeholders’ expectations. TQM

#### **The first CSR pillar for DSFH: Patients**

Objective: to achieve excellence in patient care by working on the

**The second CSR pillar** for DSFH is workplace sustainability, where the professional development of 3000 staff is seen as an expression for utilizing CSR for Saudi National economic development and for managerial skills enhancement for DSFH's professional Saudi

nationals working for the hospital. The aim is to provide a workplace for a professional team of almost 3000 people that is conducive to both professional and personal development.

**The third CSR pillar** is concerned with environmental protection and high-level efficiency, thus eliminating harmful environmental factors such as consumption waste, and so on.

**The fourth CSR pillar** for DSFH is being responsible for the community by investing in healthcare initiatives.

This is seen as meeting the demand for Saudi social obligations such as basic health and medical care in the Kingdom.

**Community:** investing in healthcare initiatives and raising awareness about chronic diseases, social issues and the concept of corporate social responsibility.

Customers. Every member of the healthcare team is important.

#### **6.1.2.10 ISO26000 and GRI Implications and Conclusion**

This section extends and complements section 5.2.11. According to the ISO website, the ISO26000 goal is to contribute to global sustainable development by encouraging business and other organizations to practise social responsibility in order to improve their impact on their workers, their natural environments and communities. It has been a classical notion in Saudi Arabia that Saudi companies are encouraged to join any new international standardization or organization relevant to the nature of their business and their core commercial activities.

The debate in this conclusion section aims to provide discussion on three main areas which are as follows: (a) the implication of international CSR on Saudi CSR conceptualization and the implication of international CSR on Saudi CSR reporting; (b) the implications of international CSR and Saudi endogenous characteristics; and (c) international CSR and Saudi CSR unique conceptualization.

It can be concluded that although ISO26000 constitutes one of the most important international global initiatives, and it can participate in the formation of Saudi CSR



endogenous characteristics, it is somewhat at a distance from Saudi CSR to a certain extent. There are only 13 firms out of 167 listed Saudi companies that are engaged in ISO26000 reporting initiatives (for more detail, see the discussion section on ISO implication). For example, ISO26000 requires participating firms to behave ethically, which seems irrelevant in the case of the 13 Saudi companies engaged in the process because they are governed by high ethical Islamic values and guidelines, which comprehensively cover all aspects of their business operation.

Principally, they need to score the acceptable Saudization percentage ratio that expresses the ratio of Saudi nationals to their total number of employees, as a drop in the ratio prevents them from getting permission for contracting and employing new foreign labour. Mainly, the answer to the above question could be that, as indicated early in the previous section, there are only 13 out of 167 listed Saudi companies that utilize the ISO26000/GRI reporting guidelines and they publish their GRI reports in both Arabic and English. Furthermore, evidence obtained from the research documents indicates that other Saudi companies utilize the ISO26000/GRI framework to formulate their own local sustainability reporting techniques, which are aimed at the local audience and their stakeholders and are communicated in Arabic.

ISO26000 has an international global agenda, which could be impractical for some Saudi companies. Perhaps some of the concepts are not easily aligned with the Saudi CSR endogenous characteristics. Major Saudi CSR principles are Islamic philanthropy and social and national developments.

As indicated above, the core Saudi CSR subjects could be entirely different and in line with the endogenous characteristics suggested by this study. For some Saudi companies that are implementing ISO26000 via GRI reporting, it seems long way from home and odd compared to their core activities. Saudi companies are integrated in their societies via their national and social development commitments. Most of them expect to be governed by CSR regulations and they do not appreciate the voluntary initiatives on CSR concepts in Saudi Arabia.

The Saudi and Gulf countries' corporate interpretations can be formulated in a table that mostly summarizes the similarities between ISO26000 and the Saudi managers' interpretations. However, the manner whereby they interpret CSR ISO26000 will add value

to the existing initiatives of social responsibility by providing harmonized, globally relevant guidance based on international consensus among the expert representatives of the main stakeholder groups, so it encourages the implementation of best practice in social responsibility worldwide.

(a) ISO26000 is a guideline on social responsibility, established by ISO, which is essentially different from other ISO standards. It contains no requirements; therefore it cannot be the basis for certification, measurement, or conformity assessment like other ISO standards issued in the past. Confusion arises when Saudi companies apply some of the previous ISO standards designed for the purpose of certification and international recognition that they need for their business activities, for example ISO14000, ISO9000s, and so on.

(b) ISO26000 has no legal legitimacy anywhere in the world and it is not imposed by any international organization. In fact, its use is voluntary. This is a guidance document that offers suggestions, recommendations, advice, and proposals published by ISO and its member bodies. In other words, the publication format is an International Standard, but with regard to its content, it is a guidance document.

#### **6.1.2.10.1 Global Reporting Initiatives and Saudi CSR Reporting Interpretation**

ISO26000 seems sometimes locally irrelevant, obsolete, and conflicting with some of the Saudi CSR endogenous characteristic based principles.

For example, ISO26000 requiring participant firms to behave ethically seems irrelevant in the case of the thirteen Saudi companies engaging in the process due to the fact that they are governed by high ethical Islamic values and guidelines, which comprehensively cover all aspects of their business operation. This has been indicated earlier within the Islamic philanthropy debate.

Similarly, the same argument can be said about the notion of Saudi companies' contribution to national economic development, which is closely related to some Saudi companies. Hence, Saudi firms were committed to Saudi economic development years before the introduction of CSR in Saudi Arabia.

Another example regarding the ISO objective of improving 'the life quality of the employees on the working site and that of their families' seems to be distant from the Saudi companies'

prime employment purposes. Actually, some Saudi firms are struggling to meet the basic legal requirements for the outcome of the Saudization schemes they are providing for their Saudi nationals. Basically, as mentioned earlier, they need to score an acceptable Saudization percentage ratio expressing the ratio of Saudi nationals to their total number of the employees, as a drop in the ratio prevents them from getting a permission for contracting and employing new foreign labour.

At the moment, some Saudi firms are working within Carroll's model of basic social responsibility and legal responsibility and have not been able to extend their care to improve the family lives of employees.

Therefore, what is the magnitude of the GRI scheme and its implications for social responsibility reporting development in Saudi Arabia?

Basically, It has been mentioned earlier that, the answer to the above question could be that, as indicated in the previous section, only 13 out of 167 listed Saudi companies utilize the ISO26000/GRI reporting guidelines and they have published their GRI reports in both Arabic and English. Further, evidence obtained from research documents indicates that other Saudi companies utilize the ISO26000/GRI framework to formulate their own local sustainability reporting techniques, which are aimed at the local audience and their stakeholders and are communicated in Arabic.

Consequently, this indicates also that ISO26000/GRI implementation can lead to implications for the Saudi CSR conceptual distinctive model, where ISO26000 core ethical issues can be replaced by Islamic values and Islamic ethics. Hence, the ISO publication cited on its website argues that, since it was founded in 1947, ISO has published more than 19,500 International Standards covering almost all aspects of technology and business, from food safety to computers and from agriculture to healthcare. ISO International Standards impact all aspects of our lives. They are developed by groups of experts from all over the world, and the experts are aware of the standards that are needed in their respective sectors.

However, it can be concluded that those ISO standardizations are impractical, complex, and difficult to apprehend by companies embarking on CSR and they are unsuitable for many highly ethical countries where CSR is driven by deeply ethical and philanthropic guidelines,

like Saudi Arabia. Hence, ISO experts formulate universal standards suitable for all countries and economic systems; there is no room and scope for fitting local adaptations to the ISO regulations by the possible participant countries.

Therefore, this ascertains that CSR conceptualization and interpretation differ from one country to another and the ISO processes should accommodate local adaptation. This issue is crucial for the sustainability of ISO26000 and its future developments in highly ethical and culturally influenced countries such as Saudi Arabia. The future of ISO26000's implementation and development is governed by the fact that it will initiate a globally relevant understanding of what social responsibility is, and what organizations need to do to operate in a standardized socially responsible manner which will be universal across the international boundaries over the globe.

Yet, this thesis shows that some Saudi firms are utilizing ISO26000 and GRI guidelines for organizing their social responsibility local endogenous reporting. It can be argued that ISO26000 is a timely and relevant guide that helps organizations understand what social responsibility is and what they need to do to operate in a socially responsible way. Hence, it is necessary to shed light on both ISO26000 and its related reporting application and the utilization of GRI.

This thesis concludes that many Saudi companies are confused about the purpose and objective of ISO26000. The ISO website indicates that it is important to note that ISO26000 contains voluntary guidance and that it is not for use as a certification standard like ISO9001 or ISO14001. This needs to be addressed in Saudi Arabia. However, the application and implication of ISO26000 for Saudi firms could promote transparency and accountability and enhance the company image in general terms.

#### **6.1.2.10.2 ISO 26000 GRI Generic Summary Implication Issues**

Christianna Wood, Chairman of GRI's Board of Directors, noted that GRI is "the architect of the world's most widely used and referenced sustainability reporting framework, and that it has been a pioneer in making the sustainability reporting process standard practice for thousands of organizations." She added that "the new governance structure and the creation of the Global Sustainability Standards Board is part of the on-going evolution of GRI's critical contribution to a sustainable economy." (Standards Development – ISO)

As it has mentioned earlier, it is useful for those organizations that have used the ISO 26000 guidance and would like to report on their social responsibility and for those organizations that follow the GRI guidelines in preparing their reports, in order to understand how GRI's guidance on Reporting Principles and Standard Disclosures and guidance is related to the clauses of ISO 26000:2010. The latest evolution of the GRI guidelines is part of the most widely used comprehensive sustainability reporting framework in the world; it has been created through an international multi-stakeholder and consensus-based process that enables all companies and organizations to report on their economic, environmental, social, and governance performance.

#### **6.1.2.10.3 Summary and Conclusion**

This section provides analysis of the GRI and ISO26000 and an insightful conceptualization of the endogenous CSR characteristics. Moreover, it has attempted to use the proposed template for the analysis of the results and for drawing the research conclusions. It provides a useful input and contributes to identifying clearly the Saudi perspective, the CSR initiatives aligned to ISO26000, and the GRI reporting principles.

Combining ISO26000 and GRI templates and their relationship as adapted to the GRI, ISO26000, and Saudi conceptualization interpretation shows that this practice can be useful for the Saudi companies that wish to incorporate such concepts. The GRI techniques and technicality could add to and enhance the Saudi companies' experience with regard to CSR reporting and strategy selection. However, the question whether or not ISO26000 relates directly to any of the endogenous Saudi CSR characteristics is to be investigated throughout the empirical stage. In general, ISO26000 feeds into the Saudi CSR to a certain extent; it has been influencing many large Saudi companies. There is a small momentum for ISO 26000 and GRI initiatives among Saudi companies. The next chapter will explore the conceptualization of CSR from the Saudi perspective and shed light on the country of the study, Carroll's models, the Saudi CSR initial generic interpretations, and other endogenous CSR areas and debates.

Building on the success of the GRI guidelines which to date have been used by over 5000 organizations across more than 90 countries, the new governance structure recognizes the importance of standard-setting as a public interest activity. Christianna Wood, Chairman of GRI's Board of Directors, noted that GRI is "the architect of the world's most widely used and referenced sustainability reporting framework, and that it has been a pioneer in making the sustainability reporting process standard practice for thousands of organizations. "

She added that "the new governance structure and the creation of the Global Sustainability Standards Board is part of the on-going evolution of GRI's critical contribution to a sustainable economy." The Saudi perspective on ISO26000 and GRI relevancy and appropriate issues are examined further within the results interpretation and discussion section.

ISO26000 has an international global agenda, which could be impractical for some Saudi companies. Perhaps some of the concepts are not easily aligned with Saudi CSR endogenous characteristics. Major Saudi CSR principles are Islamic philanthropy and social and national developments.

As indicated above, the core Saudi CSR subjects could be entirely different and in line with the endogenous characteristics suggested by this study. For some Saudi companies that are implementing ISO26000 via GRI reporting, it seems a long way from home and odd compared to their core activities. Saudi companies are integrated in their societies via their national and social development commitments. Most of them expect to be governed by CSR regulations and they do not appreciate the voluntary initiatives on CSR concepts in Saudi Arabia.

The Saudi and Gulf countries' corporate interpretations can be formulated in a table that mostly summarizes the similarities between ISO26000 and the Saudi managers' interpretation. However, the manner whereby they interpret CSR ISO26000 will add value to the existing initiatives of social responsibility by providing harmonized, globally relevant guidance based on international consensus among the expert representatives of the main stakeholder groups, so it encourages the implementation of the best practice in social responsibility worldwide.

(a) ISO26000 is a guideline on social responsibility, established by ISO, which is essentially different from other ISO standards. It contains no requirements; therefore it cannot be the basis for certification, measurement, or conformity assessment like other ISO standards issued in the past. Confusion arises when the Saudi companies apply some of the previous ISO standards designed for the purpose of certification and international recognition that they need for their business activities, for example, ISO14000, ISO9000s, and so on.

(b) ISO26000 has no legal legitimacy anywhere in the world and it is not imposed by any international organization. In fact, its use is voluntary. This is a guidance document that offers suggestions, recommendations, advice, and proposals published by ISO and its member bodies. In other words, the publication format is an International Standard, but with regard to its content, it is a guidance document.

The lack of legitimacy discourages many Saudi companies from adhering to the ISO and GRI initiatives. This is because the business culture encourages most Saudi stock listed companies to seek international certification and legitimacy for their business activities in order to gain publicity and to establish communication with their shareholders. The same argument applies to the private non-listed companies, whereby having international legitimacy endorsement will assist in the flotation process and enable them to become listed public companies. Therefore, it can be concluded that ISO26000 initiatives are not highly attractive to Saudi companies and most of them utilize the ISO26000 and GRI reporting concepts and principles for producing their own local sustainability reporting aim for their local stakeholders. Yet they still play part in the Saudi CSR endogenous characteristics formulation.

The rest of this section is considered as a secondary research source and is reported in Appendix 1.

#### **6.1.2.11 Corporate Governance**

Section 5.2.13 complements this section. The research suggests that there is a clear relationship between corporate governance and CSR practices in Saudi Arabia, especially within Saudi stock listed companies. There is recent analytical evidence that some Saudi researchers are embarking on establishing a relationship between corporate governance and CSR in Saudi Arabia. The researcher suggests that adaptation for the existing Saudi corporate

governance can assist in promoting CSR in Saudi Arabia, especially among the Saudi stock listed companies.

Hence, the researcher proposes that the national CSR strategy model suggests the utilization of existing corporate governance regulations for encouraging Saudi stock listed companies to incorporate CSR activities as part of their corporate governance reporting requirements. Most Saudi stock listed companies like the idea of incorporating corporate governance combined CSR reporting initiatives. This was evidenced throughout the documents analysis conducted on those companies. This can benefit them in that it prepares them for the transformation of being more socially responsible and engaging in the national social developments on a corporate strategy level, which is currently advocated by Saudi CSR promoters and initiatives.

Therefore, the data confirms the existence and importance of the proposed Saudi CSR endogenous characteristics, namely corporate governance.

Based on ISO standard analysis and the examinations of GRI related publications, it can be concluded that ISO26000 can widely cover most of the recognized social responsibility international initiatives and it can be considered as the most common ISO guidelines adhered by many companies across the globe including those in Saudi Arabia.



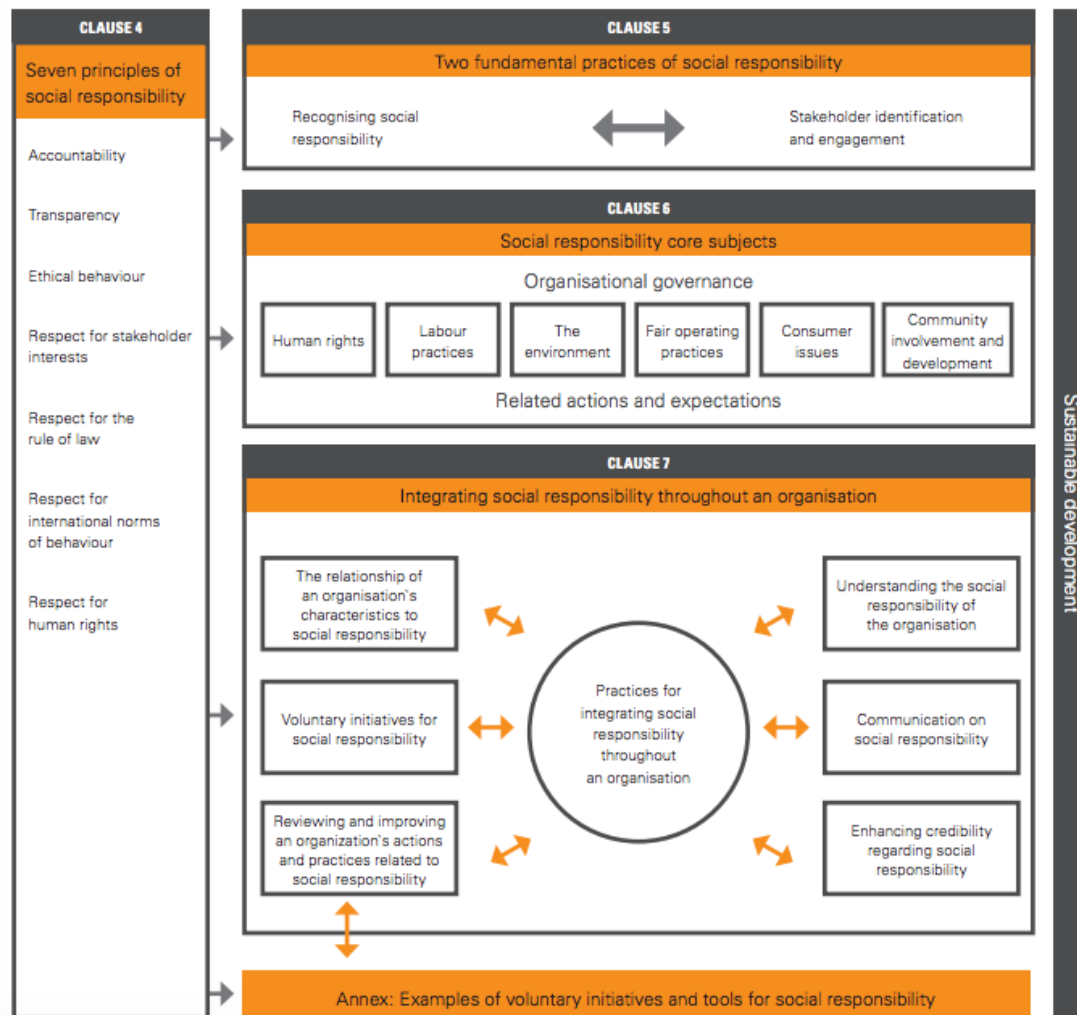


Figure 36: ISO26000 Overview of Principles and Objectives

Source: ISO website: <http://www.iso.org/iso/home.html>

The figure above outlines the possible relationships and overviews of important ISO clauses and their implications for each other. They cover most of an organization's core business and reporting activities.

It can be ascertained that most ISO26000 guidelines are based on CSR generic concepts but in a unique manner, conforming to the adopted objectives. Examples include corporate citizenship and stakeholder theory.

As can be seen in the figure, Clause 4 consists of seven core principles, which all comply with stakeholder expectation:

- ❖ Accountability
- ❖ Transparency

- ❖ Ethical behaviour
- ❖ Respect for stakeholder interests
- ❖ Respect for the rule of law
- ❖ Respect for international norms of behaviour
- ❖ Respect for human rights.

However, it is not clear how these concepts can be related directly to CSR endogenous characteristics, or the initial interpretations of their application within Saudi Arabia

The next section attempts to define each principle according to ISO 2010 standards and to provide the possible Saudi CSR implication for each principle.

**Accountability:** an organization is responsible to those affected by its decisions and activities, including society in general, for the overall impact of its decisions and activities on society. This could be closely related to the state of affairs in Saudi Arabia. Saudi firms are responsible not only for the decision they make towards their community but also for their society and their social development, sustainability, and the country's economic and national developments.

**Transparency:** an organization should disclose, in a clear, accurate manner and to a reasonable and sufficient degree, the policies, decisions, and activities for which it is responsible, including known and likely impacts.

Disclosure for Saudi companies is still under scrutiny by Saudi stakeholders. Saudi firms are at a minimal state of disclosure and they tend to maintain the minimum requirements of government regulation and Saudi stock market law. Transparency is an issue for most Saudi stock market companies, where it can be said that the limit to Saudi companies' transparency is related to the fear of the negative impact of discussed information on share prices and the stock market in general. The Saudi stock market has had many major lapses over the last twenty years caused by misinterpretation and misrepresentation of Saudi companies' stock market data.

**Ethical behaviour:** the organization's behaviour should be based on the ethics of honesty, equity, and integrity. This aspect is much developed in Saudi Arabia. As indicated before, Saudi business activities are based on deeply rooted Islamic principles at all levels and this

sub-clause seems not to be needed by Saudi companies participating in ISO26000 implementation.

**Respect for stakeholder interests:** stakeholders are individuals or groups who are affected by or have the ability to impact the organization's actions, in addition to the owners, members, customers and/or constituents; other individuals or groups may also have rights, claims, or specific interests that should be taken into account.

In Saudi Arabia, other parameters can be interlinked with the Saudi CSR endogenous feature of stakeholder expectation. An example of this is the demand for Saudization. Saudi customers and government can expect Saudi firms to Saudize their work force, increase the number of Saudi nationals at work, and reduce unemployment among Saudi nationals.

**Respect for the rule of law:** an organization is to comply with all applicable laws and regulations. It has to inform those within the organization about their obligations and to observe and implement the specified measures. Categorically applicable, Saudi firms are governed by tightly controlled Saudi trading regulations; some companies attempt to manipulate some local regulations regarding Saudization ratio requirements. Again Saudization can be used as an example. Saudi labour law requires Saudi companies to achieve a certain Saudi national employment ratio in relation to the total number of employees.

**Respect for the international norms of behaviour:** this relates to the organization's respect for international norms of behaviour while adhering to the principle of respect for the rule of law. An organization should not stay silent in response to or when benefiting from wrongful acts. Saudi firms are very lawful, as Saudi Arabia is a very restrictive and law-abiding country, for Saudi firms are not abiding by Islamic and Shairre law but also local and international regulations. Many Saudi stock market companies are voluntarily joining all the ISO industrial, environmental, economic, and managerial certification schemes that contain the contents of this clause within them. Yet, this is still an evolving issue in Saudi Arabia and many companies are endeavouring to achieve it over the years.

**Respect for human rights:** an organization respects and fosters the rights set out in the International Bill of Human Rights. This includes situations where human rights are not protected. ISO26000 then applies those principles to seven core subjects that describe

socially responsible areas of activity or focus. The same argument for Islamic ideology governing and protecting human rights can be represented, as Saudi firms respect human rights and abide by Islamic and international regulations. There is a work force of more than seven million in Saudi Arabia, which consists of many nationalities from all over the world. This makes it necessary for Saudi companies to abide by all the international labour market regulations in various countries. Thus, this is not a choice; it is compulsory for Saudi companies to comply with the International Bill of Human Rights.

## **6.2 Summary of Saudi CSR Endogenous Research Implications**

The national economic development of Saudi Arabia largely depends upon achieving the objectives of the national strategic plans for nationalization and the creation of jobs for local nationals, training and education for youth, poverty alleviation, and improving the standard of living, in addition to other CSR scopes including environmental management and overall CSR. The role of Saudi companies has become more crucial in recent years; more development obligations are placed on them through the introduction of restrictive human labour laws by the Saudi government, which aimed to encourage Saudi companies to develop Saudi nationals and consequently the Saudi national economy. Partnerships between the public and private sectors in economic development and the role of voluntary obligations on private sector Saudi organizations in economic and social developments can be achieved via the calibration of CSR policies when Saudi companies are abiding by the Saudi national CSR strategy.

The notion of social development is another facet of national economic development, but it is concerned with social care systems, the long-term programme aimed at sustainable social improvement and prosperity for the Saudi society. Thus, the provision of basic social care systems for people with disabilities provides assistance to the needy of the society.

However, based on the official information about Zakat in Saudi Arabia, it can be said that the research suggests the current Zakat system is merely looking after a small section of the Saudi society. It is a very slow system and it is responsive to the real social development needs of the Saudi society. Hence, the integration of Zakat into CSR activities or vice versa can be very useful for Saudi companies and society. If Saudi companies do not have a CSR strategy and related reporting policy, they can be seen as abandoning the notion of meeting society's needs, of being reciprocal to Saudi society. Furthermore, they cannot be deemed to be contributing back to their Saudi customers.

One major misconception of ISO26000 is that although the main objective for setting up ISO26000 was purely for it to be used as a guideline, Saudi companies are seeking certification of the way they provide their sustainability reports using G3 and G4 of the associated GRI format. Despite the fact that Saudization aims at reducing unemployment and

achieving the Saudi national strategic development plan imposed by the recent labour law, it could be recognized as an additional social obligation issue for some Saudi companies, where Saudi managers are passionate about Saudi society employment and national skills development needs.

Social obligation consists of ethical, economic, and social parameters whereby the ethical can be related to the Islamic duty towards Islamic societies' needs as they are contributing their effort for the good of their society, enhancing employment among Saudis, reducing the crime rate, and protecting society from high unemployment and social deprivation. Social obligation and development implantation can provides Saudi nationals with financial resources and a good standard of living, thus reducing their dependency on the Saudi government's social care system. Consequently, even the Saudi national gross domestic product (GDP) can be supported by such implementation and process.

Social responsibility is a means whereby the company manages its contribution responsibly, contributing to the society in which it operates for the wellbeing of society (Brassington and Pettitt, 1997). Normally, a company should find out which issues to focus on depending on their resources so that they create a shared value and gain a competitive advantage, but often in Saudi Arabia the social challenges are beyond Saudi companies' financial resources because some social development obligations are related to economic development, basic social care, and education services (Porter and Kramer, 2006).

The manifestation of a good CSR policy is based on the fact that the manner whereby the stakeholders view corporate social responsibility is highly influenced by the cultural values and differences (Kampf, 2007). Hence, Saudi company stakeholder expectations are rooted in the deeply held Islamic cultural values. This could lead to the creation of an 'Islamic CSR' practice represented by the concept of Islamic philanthropy, which, in essence, formulates some of the unique features of endogenous Saudi CSR characteristics.

Some Saudi companies interpret CSR differently. Many of them practise it as a public relations campaign to promote themselves as good citizens. The result of this kind of CSR investment has proved to be wrong, with the organization not getting any profit for their good work, nor generating any social changes (Porter and Kramer, 2002). Saudi companies should match their own CSR policy developments with those of their society and future

environmental needs. The company should look ahead and predict the changing awareness of the society on the issues (Zadek, 2004).

Zadek (2004) suggests four stages for a company to achieve that Saudi companies could match their own CSR policy developments with those of their society and future environmental needs and mentioned earlier: First comes the defensive stage where the organization denies or rejects any unexpected criticism. For example, many Saudi companies at this stage manipulate the offensive impact of their own operations on their environment and societies; examples are NCB, Aramco, and Ma'aden. Second is the compliant stage where a company adopts a policy based compliance approach. Some Saudi companies are engaged in establishing a CSR policy in order to protect their reputation and to gain further contracts through the approval of government officials. Third is the managerial stage whereby a company understands this is a long-term problem and gives managers responsibility for the social problems and their solution.

Fourth is the strategic stage where the organization integrates the social issues into their company strategy. This is true for large Saudi corporations that embrace GRI, sustainability, and ISO26000 reporting regulations and parameters; for example, NCB, Saudi Aramco, SAIB, DSFH, Zain, KSA, and IMC (Zadek, 2004). Although aligning a company's vision and mission to its CSR policy needs is very difficult, companies have been struggling to integrate corporate social responsibility into corporate strategy (Hirschland, 2005). Equally, Saudi companies are unable to overcome their global difficulties. Out of ten organizations, six have no strategy for CSR and many of these companies are not clear on how they can effectively predict which social issue will influence their overall strategy (McKinsey and Company, 2006).

Building the endogenous Saudi CSR characteristics into the Saudi national CSR strategy requires deeper understanding of the sub-components affecting their society. Hence, there are various problems in a society, but not all are social issues (Galbreath, 2009). So, other non-social based issues are considered in the formulation of this strategy. The company should take into account the geographic, demographic, psychographic, and behavioural aspects in order to reach their target market (Kotler and Keller, 2007). There is also a social dynamic variable. Furthermore, a strategy matches the resources of a company with the outside

environment, which is changing all the time, in a form that improves the company performance.

However, a company can gain a position in the market or a competitive advantage if it addresses social needs and social concerns (Galbreath, 2009), thus creating shared values that benefit both the society and the company stakeholders (Porter and Kramer, 2006). For example, the Saudi companies' participation in the CSR national competitiveness index is a demonstration of this notion, where the objectives are set for Saudi companies to be more locally competitive and more aware of their stakeholder expectations, and therefore in a better position to meet national obligations and development needs.

It is noted that the relations with government officials, investors, and bankers are improved if a company is known to practise CSR, and where this can be confirmed in Saudi Arabia (Balabanis et al., 1998). It has been established that organizations gaining public contracts which are approved by their societies could lose their support and face the risk of losing their contractual agreements if these companies do not become socially responsible; for example, Ma'aden's operation in many regions in Saudi Arabia (Porter and Kramer, 2006).

It can be seen that stakeholder expectations are part of Saudi CSR endogenous characteristics as they are influenced by the strong Islamic ideology. Western and international CSR related concepts are adapted to fit the unique Saudi cultural, social, and Islamic shareholder expectations. The study focuses on exploring the CSR misconceptions and the endogenous CSR characteristics held by Saudi companies. The researcher supports the notion of creating a common CSR database for all CSR participants and professionals in Saudi Arabia, including academic researchers on the subject. Establishing an accessible database was one of the recommendations made at the international CSR conference organized by SAGIA and the KKF in Saudi Arabia in 2009; the recommendation has not been implemented.



### 6.3 Saudi CSR Endogenous Analysis Using Carroll's Model

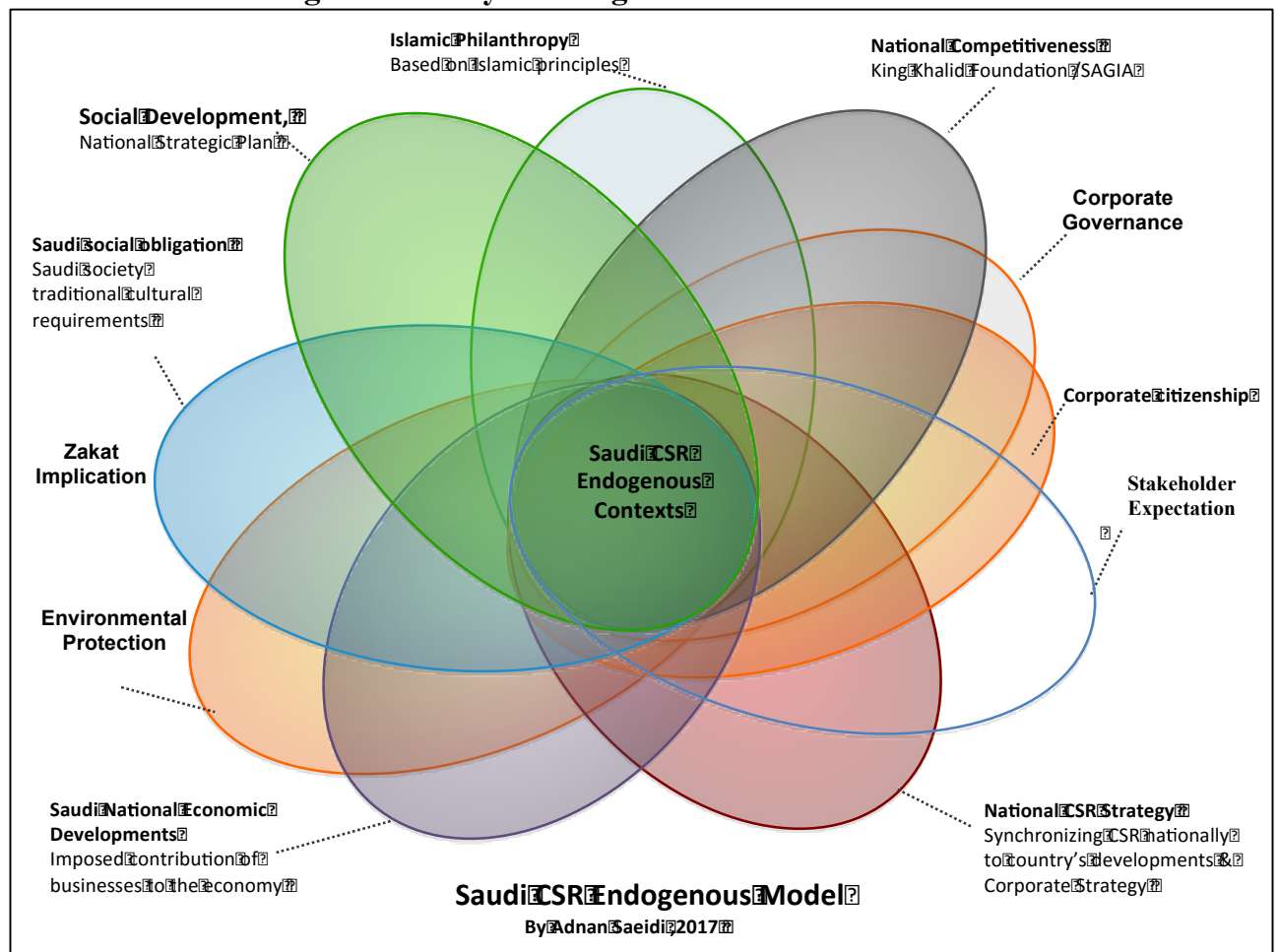


Figure 37: Endogenous Saudi CSR Characteristics – Overall Representation

The diagram (Figure 35) shows the outcome of the research as an overview and addresses the question on what makes CSR in Saudi Arabia endogenous.

### 6.4 ISO26000 and GRI Implications for its Application in Saudi Companies

Saudi companies that follow the modern CSR approach of ISO26000 and GRI reporting parameters could be more confused about CSR in Saudi Arabia. It seems a quite complicated procedure to apply ISO26000 regulations within those Saudi organizations since the regulations do not reflect or accept the endogenous Saudi CSR characteristics and philosophy found in other Saudi companies. Hence, there have been only 35 GRI reports issued by 13 companies since 2007. There are 168 Saudi companies listed on the stock capital market, and nearly 7000 private Saudi companies, including large family owned ones. Even when the

GRI content of those Saudi companies is analysed, there are difficulties in aligning GRI and ISO26000 international parameters to the local Saudi CSR responsibility requirements.

Although some of the created sustainability principles and policies are based on deeply rooted Islamic teaching and ideology, for example SAIB, there is no agreement among Saudi companies or the governance bodies on the unified direction regarding best practice for CSR implementation in Saudi Arabia. For example, is it an appropriate direction to impose ISO26000 regulation guidelines or other endogenous concepts on organizations? Such guidelines may involve extending the Islamic philanthropic activities, working to meet national economic development and social obligations, participating in the national competitiveness index, and so on. Hence, there are only thirteen active Saudi organizations registered for GRI reporting initiatives compared to more than a thousand registered trading companies on the database of the Ministry of Commerce. This even includes the top 100 companies on the Saudi companies.

To some Saudi companies, adopting ISO26000 as a social reporting tool, seems too early and too complicated. It could be causing more ambiguity and confusion for the company social activities reporting abilities and especially for the consideration of the local CSR endogenous implications. Hence, they are interested and implementing some of the Saudi CSR themes, such as the social obligation, national social development notions and so on. Saudization, women's participation, social services, and health care are examples of real-life evidence of those Saudi generic unique CSR themes.

Perhaps ISO26000 and GRI reporting are more suitable for a country with greater influence of stakeholders and good corporate governance regulations over companies' core activities and respective CSR policies.

There are Saudi companies that publish their own sustainability reports, which reflects their local contribution and Islamic philanthropic obligation. The reports are produced only in Arabic, which confirms the notion of the unsuitability of ISO26000 and GRI reporting initiatives in Saudi Arabia. This also confirms that there are distinctive endogenous CSR characteristics in Saudi Arabia which need to be addressed differently from the universal one-size-fits-all model (ISO26000) and GRI reporting initiatives. There must be some

adjustments to ISO26000 and GRI contents when used in Saudi Arabia, and perhaps ISO26000 can be built on variations in adaptations to the Islamic philanthropy context.

One major approach to enhancing CSR practices in the Saudi capital market listed companies is to introduce a minimum standard of voluntary sustainability reporting requirements, and at the same time to introduce guidelines for good corporate governance and sustainability in Saudi Arabia. Saudi endogenous CSR characteristics could evolve over the coming decades; moreover, continuous evaluation should be carried out as an extension of this research. Establishing a national CSR strategy is crucial for CSR prosperity within Saudi Arabia. Perhaps this can be achieved by issuing an initial decree to initiate discussion among CSR advocates, professionals, and academics to reach the best national CSR model and a unified and supported strategy, taking into consideration the need to adjust this strategy and align it with the recent relevant international CSR conceptualization, regulations, and research. The national CSR strategy model represented in this thesis can be used as an initial guideline for embarking on this task.

## **6.5 Final Conclusion**

The discussion above aims to identify Saudi CSR endogenous characteristics in relation to the extensive investigation and interpretation of the equivalent Western and international CSR generic concepts and principles. Thus, it sheds light on the Saudi CSR conceptualization and provides an appropriate CSR conceptual model. The research has achieved its first objective, whereby the Saudi CSR conceptualized model is formulated and tested (see model figure 16). This model outlined the Saudi CSR conceptualized empirically tested model, which is the main research findings.

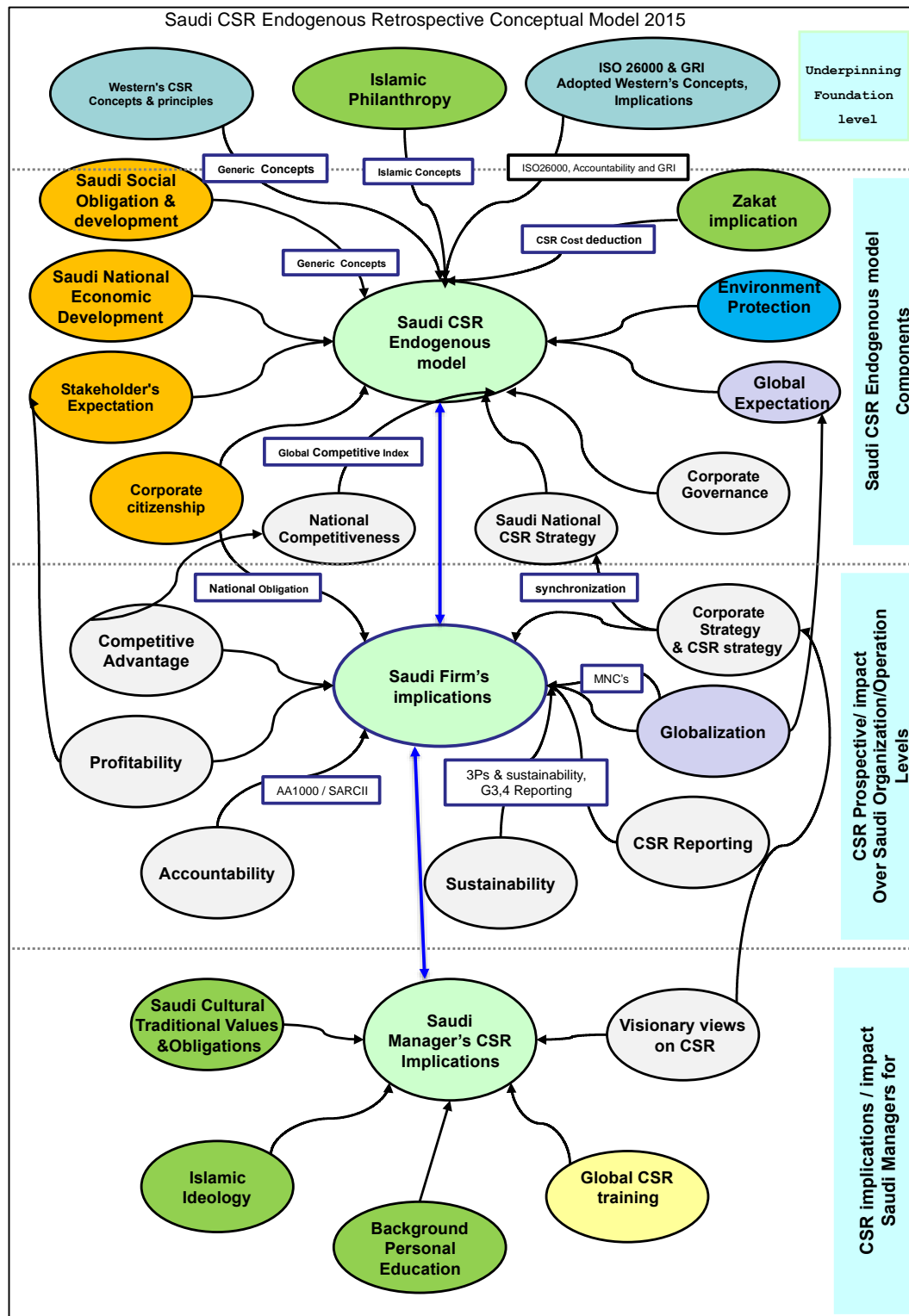


Figure 38: Concluded Endogenous Saudi CSR Current Conceptualized Model

The findings confirm that Saudi CSR endogenous characteristics can fall within the parameters of Islamic philanthropy, Zakat implication, social development, national competitiveness, Saudi social obligation, national economic development, Saudi corporate

citizenship, stakeholder expectation, corporate governance, and environmental protection (see the following graphical representation on figure 17).

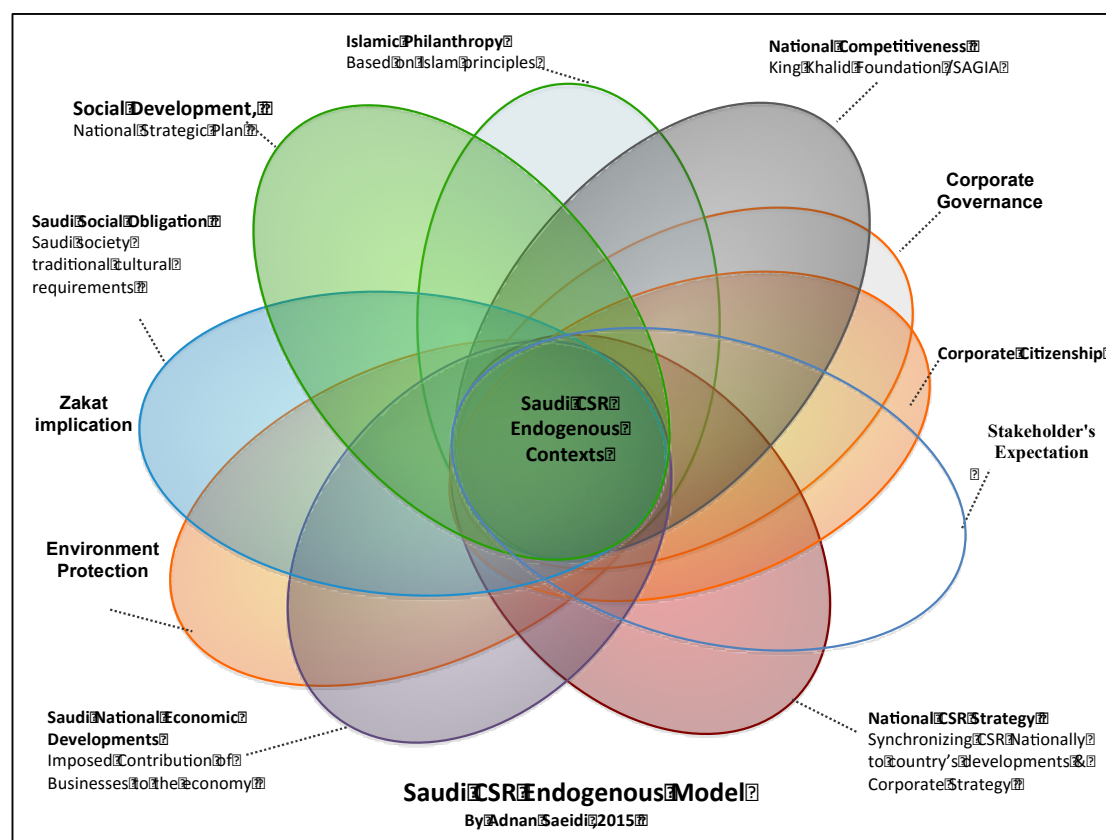


Figure 39: The nature of Saudi CSR Endogenous features.

The contexts of the Saudi CSR endogenous final model is represented by the above diagram, which not only showing the adapted new endogenous features found during the empirical testing but also can highlight the nature and explanations of those unique characteristics formulating this final Saudi CSR model.

The second objective of the research was to investigate the nature of the unique conceptualization of CSR in Saudi Arabia in relation to its endogenous characteristics formation. The research findings suggest that there are many Saudi CSR unique interpretations of both Western and international CSR concepts that are outlined and identified under each Saudi endogenous characteristic analysis, finding analysis, or discussion.

Western CSR generic concepts, such as accountability, transparency, sustainability, stakeholder expectation, and corporate citizenship, are found in Saudi Arabia after being adopted and altered according to Islamic ideology and the Islamic philanthropy scope.

Islamic philanthropy is a new prominent concept within Saudi CSR and perhaps other similar Islamic countries. Islamic philanthropy is a major local CSR initiative. It stems from deep Islamic and ethical traditional practices and forms a major component of many aspects of Saudi CSR in the current climate.

Zakat has an implication for and impact on Saudi CSR activities, whereby most Saudi companies are confused about the Zakat implication for their CSR activities. Would the CSR financial costs be deductible from the Zakat contribution? Hence, some Saudi companies adopt the concept that CSR activities are additional to the Zakat contribution; therefore, they should not have any additional financial costs.

Traditional and national cultural expectations and social obligations play a major part in Saudi CSR initiatives. They include the provision of basic social care to the needy, creating a new employment scheme for them, caring for the other sectors of Saudi society, and establishing NGOs for achieving similar objectives of social care, all of which are outside the scope of the business activities. The Saudi companies would like to express appreciation and gratitude to their society.

Saudi companies respond to society's needs and contribute to the country's social development and sustainability. There is no difference between the private and public sectors when it comes to social development and to providing the Saudi society with the means of sustaining their good standard of living and social sustainability. Such partnership at the current time is here to stay and it is on a voluntary basis, though it is imposed slightly through the introduction of some local regulations, such as Saudization's ratio compliance.

The above partnership extends its aims to participate in Saudi national economic development, where it can be considered as being reciprocal to the society's demands: the imposed contribution of Saudi businesses to economic growth. Saudi companies' economic sustainability is interlinked with the country's economy and the wellbeing of its citizens. Saudi businesses are very close to their societies. Their participation in economic development is essential for the success of the Saudi national strategic plan and the economic sustainability of both society and Saudi companies.

The national CSR strategy can be achieved by synchronizing the Saudi corporate strategy to the national strategic plan development objectives and to the proposed Saudi national CSR strategy, which contains specific Saudi CSR achievable issues.

For listed Saudi companies, corporate governance, adaptation, and the inclusion of new CSR reporting regulations can accommodate those achievable issues. For the rest of the Saudi companies, the same voluntary regulations can be introduced via the Zakat contribution and collection system.

The research argues that the introduction of the concepts of national competitiveness by the KKF/SAGIA has not had a major impact on the enhancement, promotion, and speed of incorporation of Saudi CSR initiatives in Saudi Arabia. The research provides some recommendations for improving the scheme (see the recommendation section).

Saudi companies tend to operate in highly interactive, social, and transparent Islamic-influenced business environments. Equally, their CSR approaches are directed, coached, and greatly encouraged by the social and cultural perceptions mentioned above. In fact, they seem to be acting as part of a big social family, whereby they form social pivots for enhancing the notion of the social development of the nation, which is demanded by their stakeholders.

Today, more and more demands for social responsibility are placed on the Saudi managers. The private sector organizations are named by most academics and officials as the main public trustees for Saudi society and they are often blamed for failures within the social structure, including high unemployment among the Saudi youth.

Most Saudi thinkers and academics, including some officials, argue that corporate resources must primarily be available for philanthropic projects aimed at essential elements for developing Saudi society. Corporate philanthropy is often imbedded in the development and it is associated with the role of Islamic philanthropy in Saudi business environments.

The research findings suggest that some of the Saudi CSR endogenous characteristics are based on Western generic CSR concepts. CSR in Saudi Arabia coincides with most Western interpretations of CSR from the 1950s to the 1970s, in that Saudi CSR (i.e. philanthropy and corporate citizenship) is more concerned with executives as the key players in the

development and use of CSR. For example, the prominent 1950s CSR concepts of corporate philanthropy and the manager as a public trustee (Frederick 2006, cited in Carroll and Shabana 2010) have much in common regarding how CSR is currently interpreted in Saudi Arabia, with an emphasis on managerial responsibility rather than on more holistic or schematic approaches.

This research confirms that Saudi CSR's interpretations and applications partially agree with Carroll's CSR pyramid 1979, 1991 and the Three-Domain CSR models. There are some limitations and elements of unsuitability for the Saudi CSR model analysis. The next section explains and debates this notion in detail; it displays how Carroll's combined model for the Saudi CSR current model interpretation was formulated.

Additionally, there are some intended misconceptions of CSR within the large Saudi companies that incorporate CSR in their corporate strategies.

The principles of ISO26000 social responsibility are partially found in Saudi CSR endogenous initiatives. Most Saudi CSR principles are commonly based on Saudi corporate ethical behaviour and voluntary philanthropic contributions to specific sections of Saudi social and economic national development.

Saudi corporations applying CSR adhere to some of the ISO26000 CSR principles of corporate ethical behaviour and other stated principles in clause 4, e.g., accountability, transparency, respect for stakeholder interests, respect for international norms of behaviour, and respect for human rights.

CSR is often referred to in Saudi Arabia as social responsibility only, which is ambiguous and not really fully understood and appreciated by Saudi organizations operating in both the private and public sectors. CSR has strived to reach the boundaries of Saudi Arabia through numerous international initiatives, although only 13 out of 168 listed Saudi stock market companies had incorporated ISO 26000<sup>54</sup> CSR guidelines by the end of 2014.

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<sup>54</sup> ISO (International Organization for Standardization) is a non-profit international organization supported by United Nations members and their organizations. ISO26000 is concerned with the corporate social responsibility implementation framework, guidelines and reporting.



Admirably, since 2008 those companies have also published either sustainability or CSR reports using GRI parameters, with huge variations in their contextual contents, which could be related to and based on their unique interaction with Saudi business communities, social expectations, and unique national economic obligations.

The Saudi government objectives of finding alternative sources of wealth in Saudi Arabia and of reducing economic dependency on oil exportation need to be reflected in the proposed Saudi national CSR strategy. Equally, safeguarding the welfare of future generations needs the introduction of a new CSR model and a more complex national strategic plan for investing and promoting local endogenous micro economies in the country, equal distribution of wealth and social investment in all Saudi regions, and the adaptation of the CSR model with its endogenous characteristics. Saudi Arabia is an Islamic country with capitalist promoted concepts. Some of the Anglo-Saxon managerial influence has reached CSR practices in Saudi Arabia, but with a unique adapted endogenous implication and interpretation, which can explain some the Saudi CSR unique interpretations.

## **6.6 Limitations of the Study**

There are a number of limitations to the research.

There is a lack of understanding and appreciation of the concept of CSR by the Saudi managers and their companies. This was especially true when the researcher commenced his research back during 2010. Three years after CSR was introduced officially in Saudi Arabia, the concept of CSR was still misunderstood by many Saudis and professionals. There has been huge confusion about what CSR means to Saudi managers.

The lack of transparency and the concept of CSR competition have resulted in many difficulties for the researcher. The Saudi managers are reluctant to participate and provide any information about their CSR projects. This could be attributed to the fear of judgment or of competitors within CSR, or both. Access to information about CSR in Saudi Arabia is very a difficult; it took the researcher nearly two years to gain access to the KKF and even after obtaining information, it was still difficult to convince Saudi companies to participate. CSR competition was established by both the KKF and SAGIA and they have created an

atmosphere of secrecy around the issues. Saudi companies consider this as competitive advantage issues, not merely CSR competition.

The fact is that the research started at the time when Saudi CSR was at the very early stages of implementation. It was not appropriate to ask Saudi managers about an issue they were trying to understand and appreciate. First, an empirical attempt was undertaken via direct questioning of the generic CSR concepts, but this was not successful because many Saudi managers could not participate for lack of understanding of the CSR concepts.

Being based in the UK, it is not easy for the researcher to travel back and forth to Saudi Arabia for data collection and interviews. The shortage of academic materials and resources on Saudi CSR subjects caused more difficulties for the researcher in the beginning.

As has been introduced earlier, it was not possible to investigate, nor to quantify the size of each Saudi endogenous characteristic or to measure the magnitude of the overlapping elements between those characteristics. nor the size of each basic generic component, nor even the main categories presented in Carroll's CSR models (see Venn diagram below).

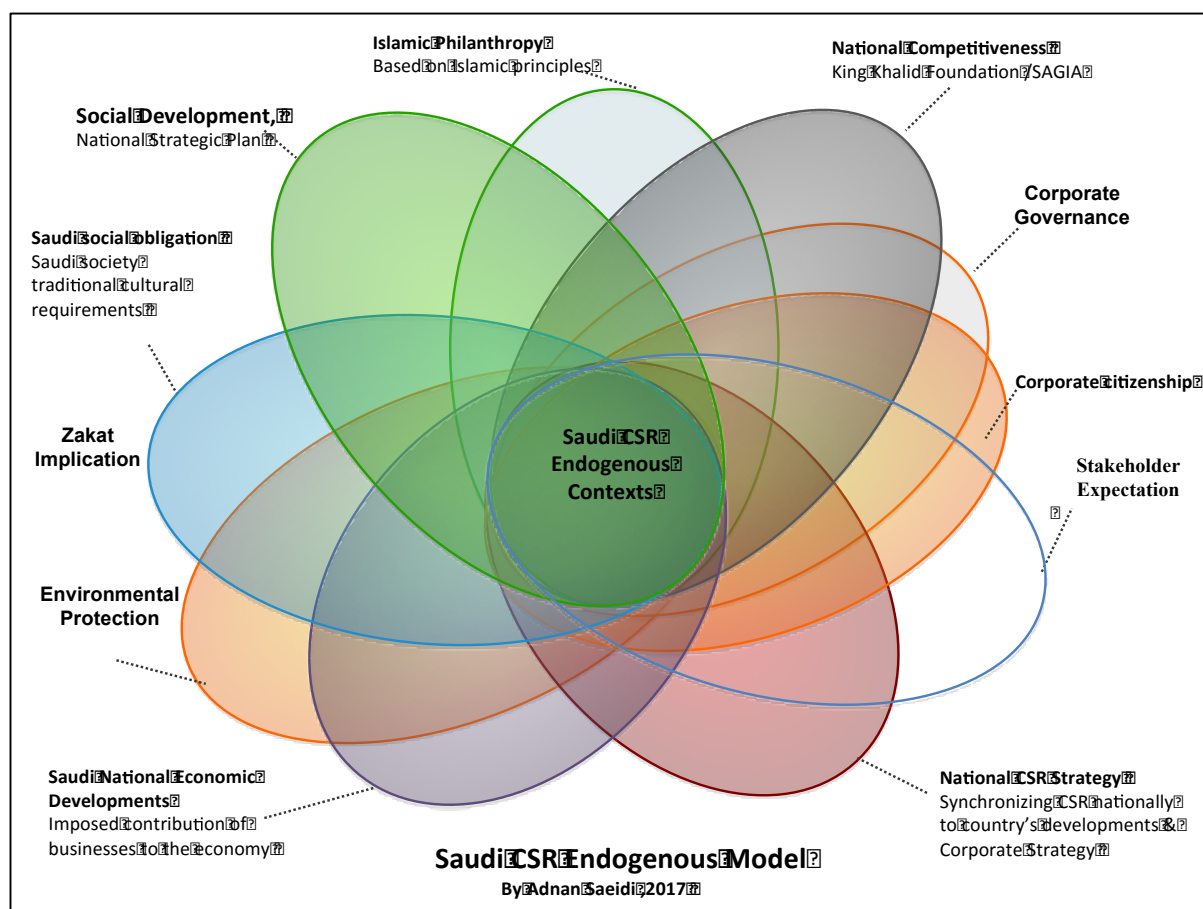


Table 28 Final Findings for the Saudi CSR Model (Venn diagram) Representation

The Saudi endogenous characteristics are related to others. They are interconnected in the main Saudi CSR endogenous model; however, they can be broken down into more generic CSR categorizations of a selected choice. For example, Carroll's CSR model consists of the main categories including legal, ethical, and economic and so on. Considering the Venn diagram of an example of an element of the Saudi CSR model, the size of the Venn-sheets is estimated but not measured. Quantifying and identifying each sub-component requires extensive detailed study, which is not the aim of the research and part of the recommendation for future studies.

The following diagram represent is an attempt to provide more explicit representation for a Saudi CSR real-life implication relating to main Saudi generic CSR theme namely Social obligation. Further studies can be conducted on each Saudi generic unique characteristic to show the same analysis as in this Venn diagram, Three-Domain Carroll's CSR model interpretation and the adopted combined Saudi CSR model represented at the end of this chapter.

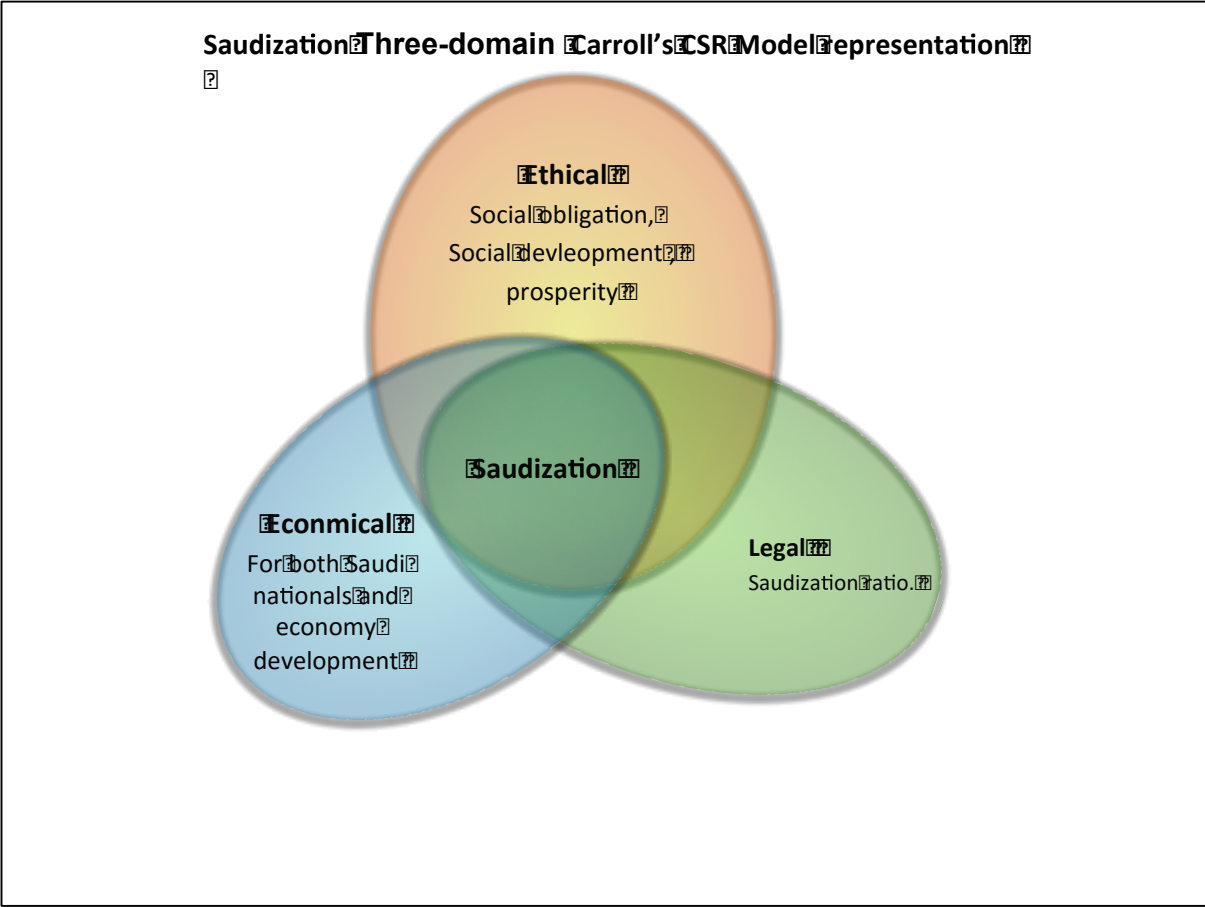


Figure 40 An examples of further Studies on Saudi CSR endogenous characteristics using Venn diagram

## 6.7 Research Contribution – A Summary

### 6.7.1 Contribution to Knowledge

#### 6.7.1.1 Empirical Contributions

The thesis succeeded in empirically testing the conceptual model for the Saudi CSR endogenous characteristics, which are outlined in the following Saudi CSR endogenous model representation.

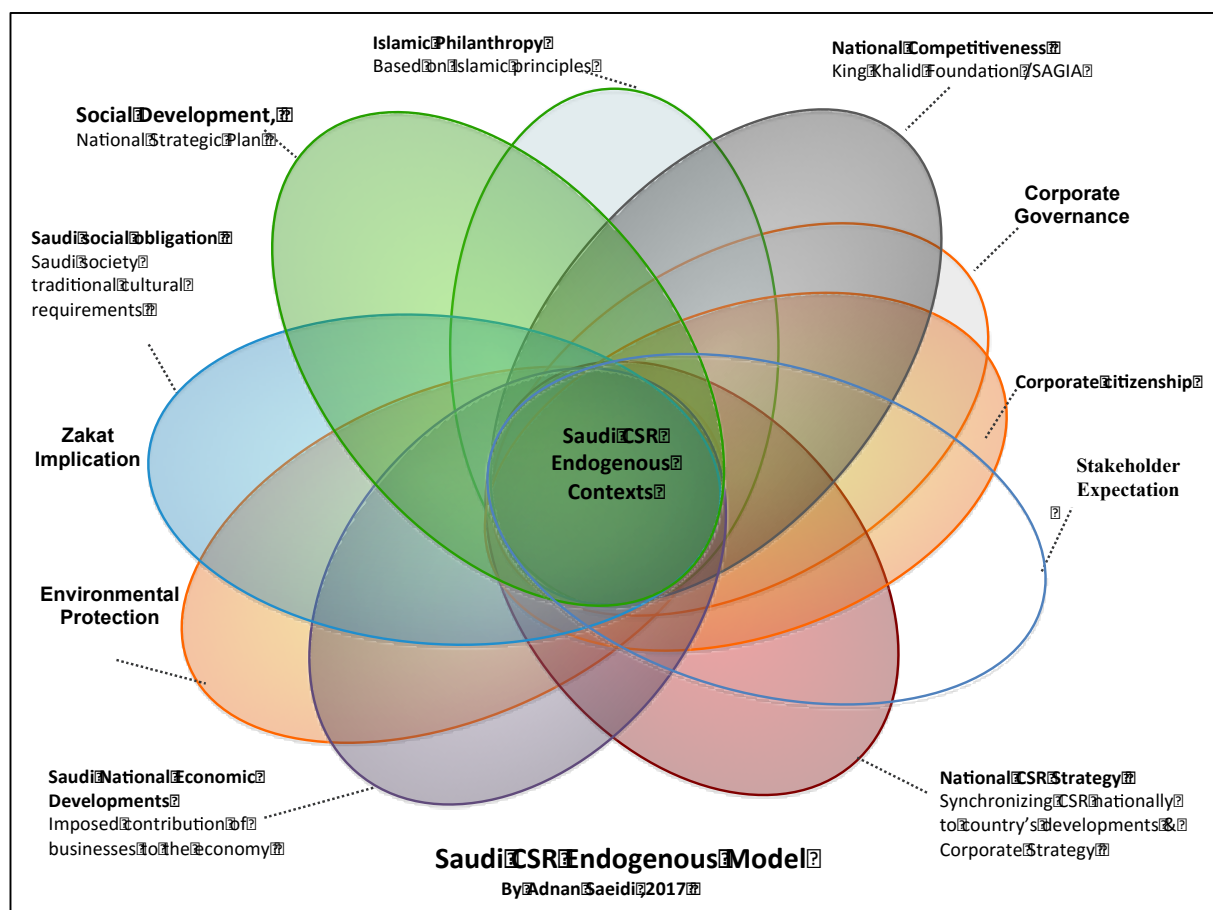


Figure 41 Representation of the Research Empirical Contribution showing Saudi CSR Endogenous Contexts.

The representation of the research empirical boundaries and areas are outlined more clearly using Carroll's adopted 1979/1991/Three-Domain combined Saudi CSR model. Hence, at the same time, they form the empirical testing objectives.

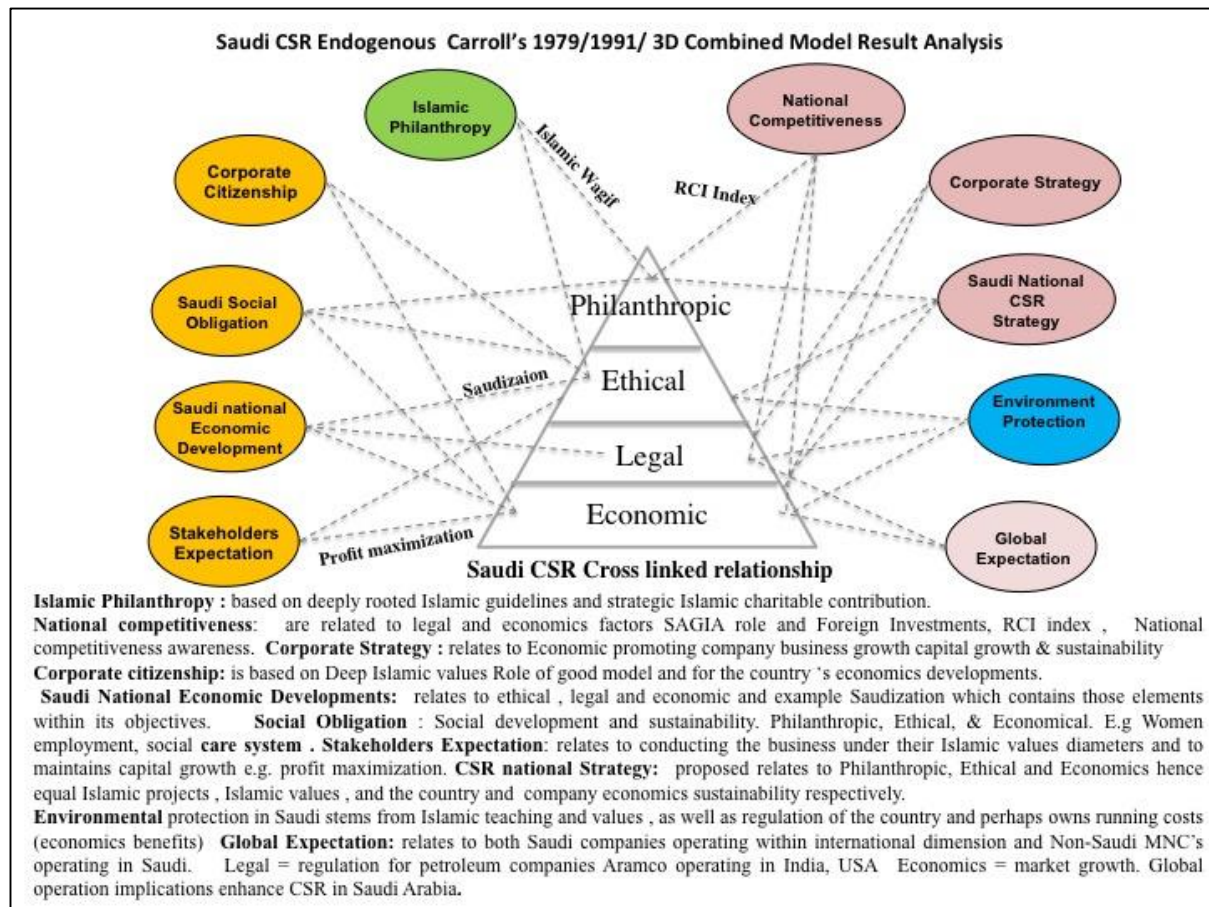


Figure 42: Empirical Endogenous Saudi CSR Model Research Contribution

The above figure shows the final findings of the thesis and the overall representation of the Saudi CSR model, where the component of the unique Saudi CSR model can be explained and analysed using Carroll's 1979, 1991 and Three-Domain 2004 CSR combined adopted model.

### 6.7.1.2 Theoretical Contributions

This chapter is a continuation of the previous ones. The contribution of this study can be summarized as follows:

- ❖ Filling in the knowledge gap on the Saudi CSR debate and development.
- ❖ Identifying Saudi CSR endogenous CSR characteristics and obtaining an empirical confirmation of their presence.
- ❖ Formulating and establishing the final conceptualized CSR model in Saudi Arabia.
- ❖ Providing a comprehensive analysis of the Saudi CSR model and generic CSR Western and international concepts.

- ❖ Introducing unique concepts in the Saudi CSR debate, namely Islamic philanthropy, national economic development, national Saudi CSR strategy, social development, corporate governance, and Zakat contribution.
- ❖ Providing clarifications of the unique conceptualization and misinterpretations of Saudi CSR endogenous concepts and recommending ways to avoid them.
- ❖ Furnishing further recommendations for future academic research.
- ❖ Creating a comprehensive knowledge base (academic future reference) for Saudi managers and academics as a teaching resource for Saudi CSR.

The theoretical contributions of the thesis can be summarized as follows:

- ❖ Being able to challenge other work done on Saudi CSR. This includes: Tamkeen's 2007 studies; the global competitiveness index; and the studies conducted on Saudi Arabia by the Harvard Kennedy Business School and Accountability; other academic research (see chapter 2 and chapter 3)
- ❖ Theoretical investigation and analysis of debates introduced by SAGIA and the Harvard Kennedy School's corporate social responsibility initiative, and the responsibility corporate index (RCI) in connection with Accountability, an international UN-supported CSR firm. Also including Tamkeen's 20087 studies.
- ❖ Investigation for the King Khalid Awards for Responsible Competitiveness, which were initiated in January 2009; the inaugural Awards were awarded to several Saudi companies identified as leaders through the SARCI process.
- ❖ Being able to provide a generic framework for understanding and analysing Saudi CSR in relation to Western CSR generic concepts in the 1950s and up to 2000s, and as shown in chapter 3.
- ❖ Also being able to examine Carroll's 1979, 1991 and Three-Domain 2004 models in detail and provide an analytical analysis for the models in relation to the Saudi CSR model's implications and consequent utilization for explaining and analysing the Saudi CSR model, together with the suitability of Carroll's models. Thus being able to provide an adopted Carroll's model for Saudi CSR interpretations (see chapter 3 part III).
- ❖ Being able to provide an adopted Carroll's Three-Domain CSR model for some Saudi CSR endogenous characteristics outlined by researchers, such as Islamic philanthropy, Saudi national strategy, national competitiveness, and so on.

- ❖ Being able to provide the conceptualized Saudi national CSR strategy see section 6.8.2 at the end of this chapter.

### **Concluded Remarks**

It can be concluded that CSR corporate social responsibilities have a strong momentum in Saudi Arabian public and private organizations; they have become important tools for achieving a high level of competitiveness, meeting social obligations, and enhancing management and leadership strategies with respect to social contribution projects. They serve as a means of measuring the national development obligations of Saudi organizations' stakeholders, reciprocating and giving back to the community, and expressing gratitude to members of the community in which the company operates. Islamic philanthropy plays a major role in CSR activities in Saudi Arabia.

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Recently, some research has been conducted on CSR in Saudi Arabia but there is still a large gap in the literature and little research has focused on debating the context and concepts of CSR, especially for the distinctive and unique Saudi CSR characteristics, the Saudi CSR model, and the ways in which CSR differs in Islamic societies from that of Western and international societies. Therefore, it has become evident from what has been discussed in this thesis that considerable new tested propositions and an extensive debate on Saudi CSR endogenous characteristics are justified.

The current research will enable academics and researchers to update the notion of CSR in Saudi Arabia and its development and to understand its distinctiveness. Furthermore, it sheds light on many issues related to the endogenous CSR characteristics in Saudi Arabia, including the main endogenous Saudi CSR drivers (see the CSR Saudi model). Some of those issues are the important debates on voluntary CSR disclosure, social profitability, long-term sustainability, and company share market value. Hence, the study enriches the body of knowledge and academic discussion on the context of CSR, the relationship between CSR and Islamic law, CSR philosophies within Saudi Arabia, the conceptual relationship between CSR, philanthropy, corporate citizenship and Islamic concepts, strategic corporate philanthropy and Islamic CSR concepts, the role of stakeholders in promoting CSR policies, the social responsibility initiatives within Saudi Arabia, the essential need for evaluation of corporate strategies and the scope of CSR, and the development of CSR awareness among



business leaders in Saudi Arabia. The research conceptual model represents the main contribution of the study.

### **6.8 Recommendations for Further Studies**

The following is a list of possible further research studies that can be conducted to address a range of topics:

- ❖ Quantifying and identifying each of the Saudi CSR sub-components based on Carroll's established combined Three-Domain CSR model. This requires extensive analysis of and research into the proportion and influence of each sub-component of the Saudi CSR established model and in relation to the main category of Carroll's Three-Domain CSR model.
- ❖ Quantifying and identifying the Saudi CSR sub-component categorization in accordance with the CSR models. This also requires detailed studies of each category. It can be very useful for understanding and appreciating each Saudi CSR endogenous characteristic categorization by Saudi managers, for example Saudization and so on.
- ❖ Extensive research is required into the notion of Islamic philanthropy in relation to analysing the implications of each Saudi CSR endogenous characteristic for Islamic guidelines relating to Islamic philanthropy.
- ❖ In-depth analysis is required into the notion of developing and implementing the proposed Saudi national CSR strategy and the means whereby it can be built into Saudi national strategic plans in the future.
- ❖ It is necessary to investigate the development and implementation of the proposed corporate governance, CSR reporting initiatives and guidelines, and the means of building up the existing corporate governance regulations imposed by capital market law (CML) on the Saudi stock listed stock market.

Extensive research is required into the notion of Zakat and its implications: how to set up new regulations to enable Saudi Zakat payers or contributors to deduct their CSR costs out of their Zakat contribution, as well as other regulations for setting up proposed adjacent CSR voluntary reporting and guideline initiatives for all Saudi and no-n Saudi companies and individual establishments operating in Saudi Arabia.

#### **6.8.1 Professional Recommendation of the Study**

The study recommends the introduction of amendments to CML, where it can reflect on the outcome of this research and specially for the required adaptability of the Saudi stock market regulation guidelines for corporate sustainability and social reporting, which can be aligned

to the Saudi CSR endogenous parameters and outlined perspectives concluded in this thesis. Thus in particular, the introduction of CSR guidelines for implementation and reporting will be achieved. This helps to focus the CSR concepts on an extended perspective providing a knowledge base for the new CSR participants and advocacies. Special voluntary guidelines should focus on the following endogenous issues: Saudization, social obligation, Islamic philanthropy and the relation to Zakat.

There is a need to introduce some alterations or amendments to the SARCI rules of participation for Saudi companies. For example:

- ❖ Creating a new corporative spirit between participants by introducing new networking for the exchange of CSR experiences between participants.
- ❖ Increasing the financial incentives for the participants or allocating rewards for the winners of the competition for the CSR projects within the most needed aspects in the area where the company is operating.
- ❖ Providing an extensive knowledge base of CSR projects on each Saudi company's website; thus communicating details of CSR participant content on their website.
- ❖ There is a need to reconsider alterations to the KKF social competitiveness index.

These alterations include:

- Encouraging Saudi companies to share CSR projection information.
- Adding new conditions on joining the competition.
- Preventing the use of the KKF social competitiveness index as a marketing tool.
- Reducing the financial value of the award provided.
- Splitting the award class into CSR promoters and CSR receivers; CSR promoters are companies that provide knowledge and technical assistance for the setting and implementation of CSR projects in smaller companies (CSR receiver). Both teams can apply for the award collectively.
- Enhancing CSR professional registration programmes.
- ❖ Create a new Saudi CSR independent non-governmental professional body: the special committee of the professional body for practising CSR in Saudi Arabia approves CSR professionals and practitioners. Free workshops need to be organized for Saudi companies. The costs of CSR professional training are met by the membership contributions of the Saudi companies.

- ❖ Form a common CSR Database for all CSR participants and professionals in Saudi Arabia, including the academic research studies on the subject.
- ❖ Support NGOs' CSR activities to ensure that they are able to develop their own CSR vision and mission suitable for the company related activities and environments.
- ❖ Create a national CSR strategy for addressing issues such as national competitiveness, social development, diversification of GDP, and so on.
- ❖ Consider the consequences for Saudi companies of the Saudi CSR endogenous parameters, and to align and gear their CSR vision and mission to accommodate specifically those endogenous requirements. Extensive training aimed at understanding the endogenous Saudi CSR principles could result in clarifying the use of CSR and its merits for the Saudi companies' business activities.

### **6.8.2 Saudi National CSR Strategy – Recommended Design**

The secondary aim of the research is to shed light on the concept, formulation, and practical implementation of the Saudi national CSR strategy. The concept of CSR aims to examine the role of business in society, and to maximize the positive societal outcomes of business activities. In practice, much of the business activity that has so far been labelled 'CSR' has been driven by the concerns of investors, companies, campaign groups, and consumers based in the world's richest countries. Over the past five years or so, governments, companies, and NGOs in many middle- and low-income countries have accelerated the process of adapting CSR.

CSR can be defined as the overall contribution of a business to sustainable development. In practice, the difference in views is based on two factors. The first is the extent to which importance is placed on the uniqueness of the 'financial business case' for responsible business behaviour in defining the scope of CSR practices, i.e., the extent to which tangible benefits to companies must be evident. Therefore, a minimum standard for CSR might be that businesses fulfil their legal obligations; if laws or enforcements are lacking, they 'do no harm'. The second is the median approach which goes beyond compliance, calling for businesses to do their best, whereby a 'business case' can be made to contribute positively to sustainable development by addressing the social and environmental impacts, and potentially through social or community investments; a maximum standard point towards the active alignment of internal business goals within the externally set societal goals (those that support sustainable national development).

The thesis findings have been utilized for the formulation and incorporation of the Saudi national CSR strategy. The Saudi national CSR strategy is defined by the researcher as “the alignment of the CSR business activities on the one hand with the yielding policies, and direction of the social and economic development of a nation on the other”. The introduction of a minimum standard for CSR reporting in Saudi Arabia could be valuable for organizations, as it enhances the speed of implementation of the CSR initiatives. The proposed introduction of voluntary CSR reporting for the Saudi capital market could encourage 168 large companies to embrace CSR seriously.

In Saudi Arabia, at the current time, there is no national agreement on what CSR should be aiming for or on how CSR can be fully utilized for enhancing national competitiveness. Hence, actually inviting Saudi companies to participate in CSR awards and competitions are premature and confusing for both the Saudi companies and policy makers in Saudi Arabia. This is due to the lack of unified strategic direction and synchronized effort by both.

It can be concluded that CSR practitioners, drivers, governmental bodies, and other officials can formulate and regulate Saudi CSR principles and focus their efforts via this proposed establishing Saudi national CSR strategy. This includes enabling for the establishment of a major national CSR strategic vision and prospective mission statements.

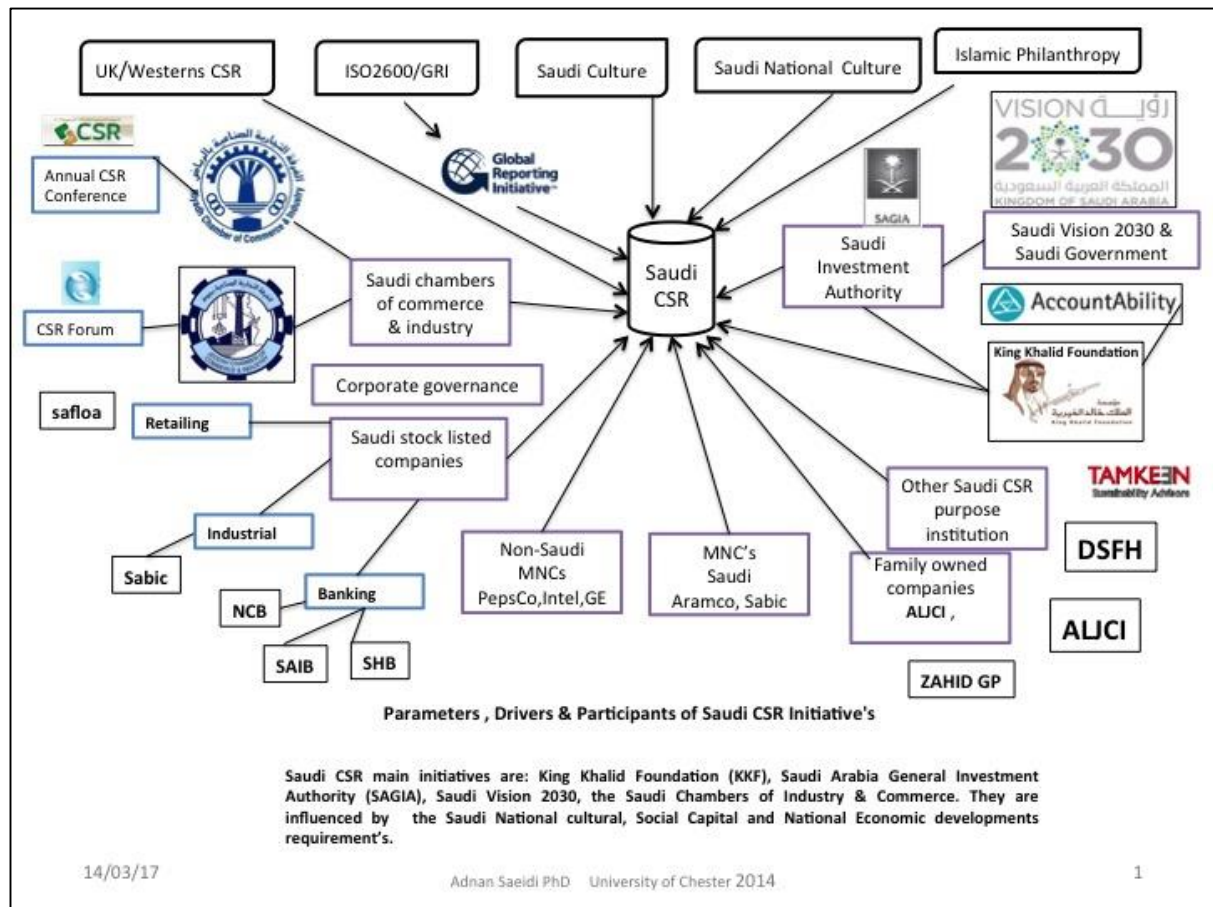


Figure 43: Drivers and Participants of the Proposed Saudi National CSR Strategy

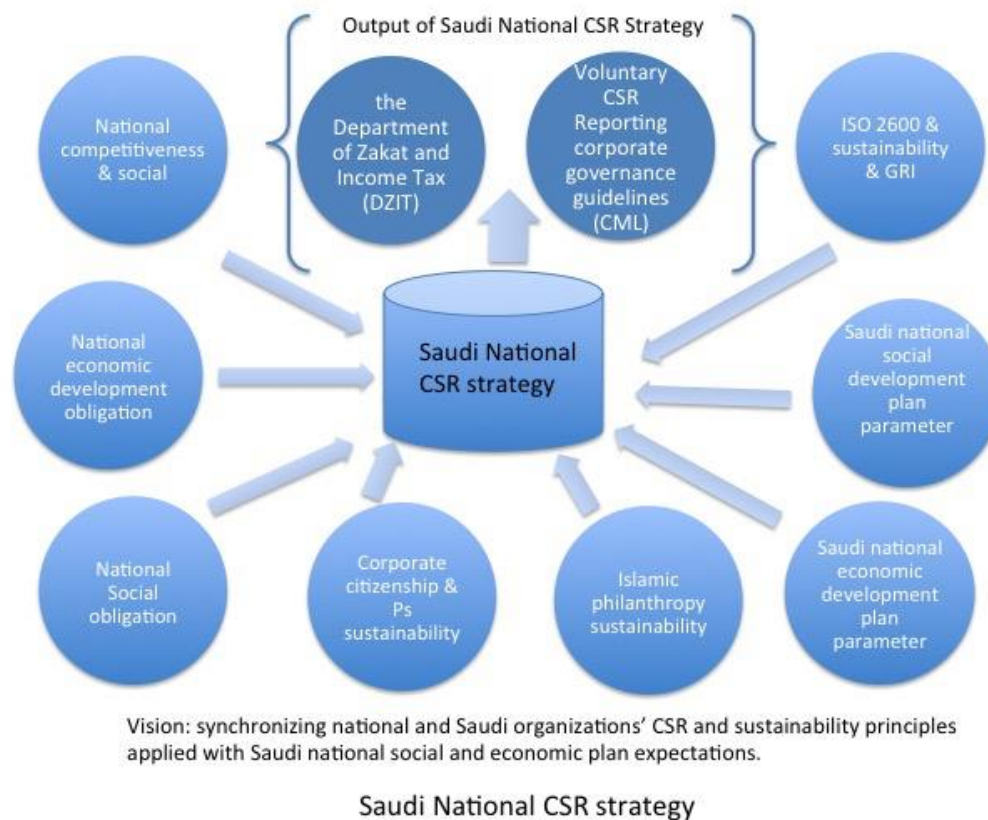


Figure 44: Proposed Saudi National CSR Strategy (Research Contribution)

The main theme and vision of the Saudi national CSR strategy is synchronizing national and Saudi organizations' CSR and sustainability principles applied with Saudi national social and economic plan expectations or what have been recently introduced by Saudi Vision 2030 and specially in relation to the development of the Saudi economy and the social capital of the country.

The input of all the governing factors exhibits the make-up of the eight components of the Saudi national CSR strategy, which can be explained in the following table:

<b>Saudi National CSR Strategy Input governing or Influencing Factor</b>	<b>Inputs' content and description</b>
ISO 2600 & sustainability& GRI	What has been suggested by this thesis for the amended ISO26000 guidelines and GRI reporting parameters for CSR implementation in Saudi Arabia.

	ISO26000 guidelines for Saudi companies and GRI reports formats need to be adapted to accommodate for the unique Saudi CSR endogenous requirements outlined in this research. Thus certain adaptability for how ISO26000 and GRI can be utilized by Saudi companies and to match the Saudi Arabian business environment and local social reporting requirements.
Saudi national social development plan parameters	Corporate citizenship, national social obligation initiatives by Saudi companies among
Saudi national economic development plan parameter	Economic and social development plan issued every five years, recently issued by Saudi Vision 2030, which aimed at enhancing Saudi social capital.
Islamic philanthropy sustainability	Utilizing the unique Islamic philanthropy practised and organized by the Islamic legal system in Saudi Arabia
Corporate citizenship & Ps sustainability	Sustainability concepts, the three Ps concepts and Saudi companies being good corporate citizens, thus promoting Saudi national social and own sustainability
National Social obligation	Taking into consideration the objectives of the Saudi national obligation which closely related to social sustainability.
National economic development obligations	Other specific national and economic development obligations and social initiatives raisin directly in relation to the national economic development plan set out by the Saudi government.
National competitiveness& social index	The notion of participating in the national competitiveness, index and the primary CSR competitive concepts and initiatives introduced by SAGIA and KKF.

The proposed outputs of the Saudi national CSR strategy represent its objective and intended mission, which consists of two major outputs and are as follows:

**OUTPUT 1:** Introducing a newly proposed income tax and Zakat regulations by DZIT, which can lead to the introduction of guidelines to deduct some of the Zakat liability from Saudi organizations' own CSR approved projects; thus encouraging CSR initiatives in all sectors of Saudi business in Saudi Arabia.

**OUTPUT 2:** The introduction of voluntary CSR reporting through corporate governance guidelines that can lead to encouraging Saudi stock listed market companies and potential applicants for flotation on the Saudi stock market to adhere to CSR initiatives seriously. However, in many aspects, the deeply rooted Islamic culture in Saudi Arabia governs most of the contributions of Saudi companies. The Islamic based social responsibility contribution is

unique and distinctive. Hence, it can be described as incorporating almost all social responsibilities, religious morals, and Islamic ethics.

### **6.8.3 King Khalid Foundation Recommendation**

It has been indicated earlier in chapter one that, the introduction of the KKF award for CSR in Saudi Arabia has resulted directly in the creation of the surrounding atmosphere of secrecy among Saudi companies who are applying or about to incorporate the CSR concepts within their corporations. Additionally, this mentioned notion can represent one of the research limitations, which can be explained that, most Saudi companies are reluctant and not willing to share their CSR experience with other Saudi companies, who are embarking on the journey of CSR and seeking to implement and win the KKF award or the SAGIA CSR competitions. Furthermore, in order that such Saudi companies be able to understand and apply the principles of CSR correctly, comprehensively and speedily in the future, the following professional recommendations for some alterations to the KKF social competitiveness index are introduced:

- ❖ Encouraging Saudi companies who win previously either of the CSR professional competitions to share CSR projection information with other Saudi companies, who wish to implement CSR within their organizations. This can be achieved via a shared database or directly with other companies.
- ❖ Adding new conditions on joining the competition as explained earlier, where companies won the competition in the past can participate as a training firm for those companies who are seeking to win the award for the first time. The training donor and recipient companies can share the award if the recipient company won the award.
- ❖ Reducing the financial value of the award provided, thus splitting it among training donors and recipients Saudi firms.
- ❖ Splitting the award into two classes; CSR promoters or donors and CSR receivers or recipients; where CSR promoters are companies providing knowledge and technical assistance for setting and implementing CSR project in smaller companies (CSR receiver); both teams can apply for the award individually or collectively.
- ❖ Establishing the CSR professional registration programme and database where all Saudi CSR companies are registered and their contact data can be shared.
- ❖ The formulation of a non-governmental Saudi CSR professional body, which can act as a special semi- official committee for practising CSR in Saudi Arabia. It can approve professional CSR initiatives and practices in the future.



- ❖ The above mentioned professional CSR body will be responsible for the free professional CSR courses and training programmes, which can be organized and provided by CSR training-competent Saudi companies or specialized Saudi CSR consultants in the filed. Costs of CSR professional training are either waived away or met by CSR membership registration fees.

## **6.9 Reflection on the Research**

The current research constitutes both a great personal challenge and achievement for the researcher who has learnt about numerous aspects of CSR implications in Saudi Arabia. This research is unique and valuable for both Saudi companies and Saudi managers.

The present work on Saudi CSR is far from being complete; a huge amount of both analytical and empirical research are required to promote the concepts and to spread the unified generic interoperations for the unique conceptualized principles among Saudi companies, other Saudi CSR stakeholders, Saudi academic, and CSR advocates and initiating semi official bodies.

Clarifying Saudi CSR while understanding and applying the Saudi CSR generic unique concepts is crucial for the future of speedily Saudi CSR implementation and susses among Saudi companies. The researcher would like to have the opportunity to participate in the clarification endeavours in the future. It is his conviction that the current research has provided a solid foundation for understanding and appreciating the notion of Saudi CSR at both the academic and professional levels. The researcher has a great potential for further development in both mentioned areas.

Simplifications of the Saudi CSR conceptualization can promote learning the concepts easily and quickly in Saudi Arabia. This also can help Saudi companies to understand, apply and implement the appropriate strategic CSR policies and programmes geared for meeting their own and the Saudi national social sustainability. This thesis is very unique to Saudi Arabia, but also it can be explaining the estate of affairs in adjacent Arabic countries and especially in the GCC region.

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## APPENDICES

### APPENDIX 1: ISO 26000 and GRI Adopted Western's Concepts Implications

#### ISO 26000 and GRI Adopted Western's Concepts Implications

In general term, this section explores the relationship between the International CSR principles represented by ISO26000 and GRI and the Saudi CSR conceptual model and its related interpretation. This section is a continuation of pervious part; it helps to build the Saudi CSR endogenous conceptual mode, which is represented at the beginning of this chapter. This section is represented independently form the other Western CSR generic concepts, due to the fact that international CSR principles and concepts are slightly diverse and exclusive to the its global intended purposes and features as it is argued and explained subsequently (please see the figure below).

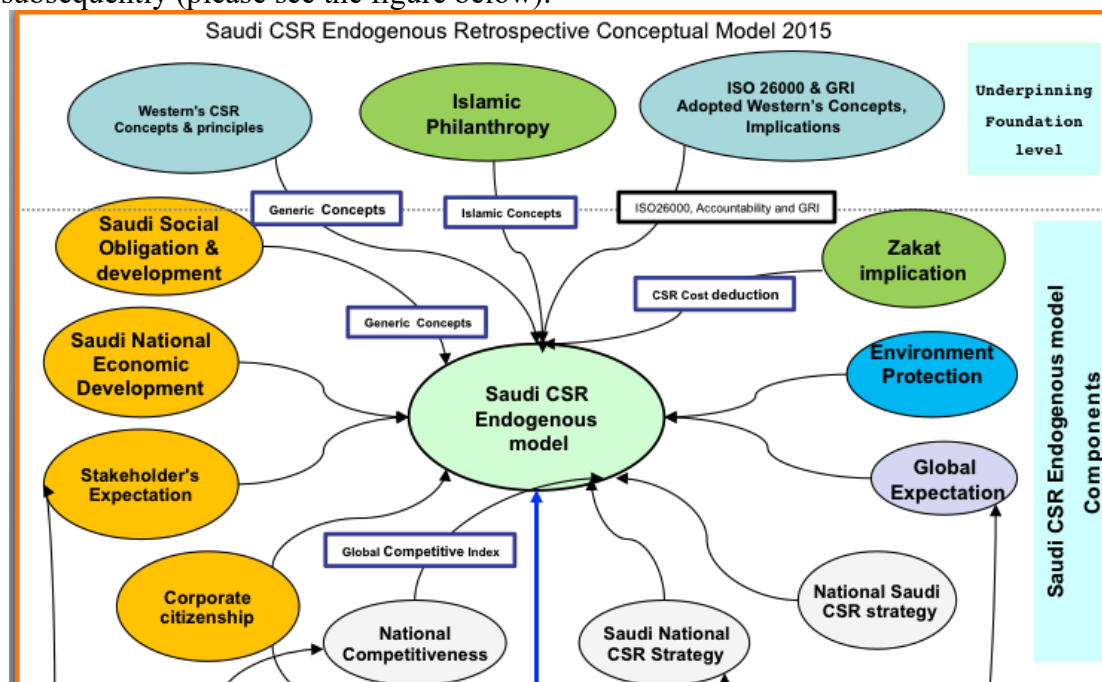


Figure 45: ISO26000 and GRI Adopted Western's Concepts Implications

#### Introduction

There is a huge amount of research on the conceptual development of the CSR principles and concepts within the transnational dimension in many countries. There are many slight crucial variations in the way CSR is defined within the international scope. It is in reality based on the applications of the globalization economic principles imposed by the United Nation countries and the global sustainability for natural resources and protection of the environment and mankind existence.

Therefore, it can be argued that basically, most of the International CSR concepts are originated and adopted form the Western CSR generic concepts, such as: Accountability, Transparency, Corporate Citizenship, Stakeholder theory and philanthropy so on. For example, one of the most common CSR International principles published by the World

Business Council for Sustainable Development states that "the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large." Sited on WBCSD website (2015), where it can be said that, the definition contained many generic CSR concepts such as: corporate citizenship as could be represented by continuing commitment to local community; philanthropy as seen behaving ethically and contributing to workforce and their families, which outside the core of their business activities; stakeholder's expectation, which can be represented by customers, employee, governments and their communities expectations; and accountability which can be represented by being accountable to their stakeholders and the society at large. Therefore, it can be ascertained that international CSR concepts could be adopting versions of Western's CSR generic concepts.

The WBCSD's international CSR definition expresses as 'local CSR agenda with global implications', and indicates the international views and its objectives on what CSR is all about within global contents. Hence, it can be argued that abiding to International CSR initiatives seems natural and essential for many emergent countries like Saudi Arabia, which is heavily involved in many international trade agreements and the globalization movements via petroleum production exports and vast imports dependency; besides business sustainability meeting on the social development for KSA together with addressing the global expectations imposed on the Saudi firms.

WBCSD definition supports the notion of having a unique local CSR aimed for the international audience; for example, the Saudi CSR endogenous scope and the international CSR Saudi implications, which will be explored in details in this section.

CSR International's Standardization and Philosophies implication on the Saudi CSR conceptual Model besides business sustainability meeting the social development for KSA together with addressing the global expectations imposed on the Saudi firms

Consequently, few important questions need to be addressed in this section, which are;

(A) Would the international CSR adopted and related reporting concepts implicate the current and the future Saudi CSR development and reporting initiatives?

(B) How does it influence the nature of Saudi endogenous characteristics?

(C) Is there any relationship between the international CSR and the notion of Saudi CSR misconception, misconceptualizing and the formation of the Saudi CSR endogenous characteristics?

(these questions are not totally the objectives of this research,; therefore, this segment only aims to explore CSR within the international CSR dimensions and to establish a possible consequential conceptual relationship and reporting application within the Saudi CSR. It aims to investigate the International CSR concept influence and relativity within the Saudi CSR endogenous characteristics.

Furthermore, this examination is indispensable as many Saudi companies are influenced by the concepts of ISO specially ISO26000 and its GRI associated implications and interactions. (this section complements the pervious chapter; it interacts and overlaps with many generic traditional CSR concepts. They may be part of many ISO harmonization efforts for the promotion of various international CSR initiatives across the globe.

Therefore, the debate in this section will be divided into three main areas as follows

- (A) The Implication of International CSR on Saudi CSR conceptualization and The implication of International CSR on Saudi CSR reporting;
- (B) International CSR and Saudi Endogenous Characteristics implication
- (C) International CSR and Saudi CSR Unique conceptualization.

## **International CSR and Saudi CSR Conceptualization Implications**

### **ISO 26000 Introduction**

There are huge growing local and global interests in CSR, which is spreading worldwide across many countries including Saudi Arabia; from airlines that strip paint from their cargo jets to save fuel and emissions to academics that start shareholder activism groups, there are clear signs that CSR is gaining an increased amount of attention at a corporate, investor and government level. Such environmental awareness is accompanied by a greater willingness to embrace social and community projects and to make considerable progress in promoting many International Organizations for Standardization, (ISO) and CSR concepts including Accountability, Sustainability, and Corporate Governance, which have been developing across the whole world in recent years.

The most important recent development is the launching of ISO26000 guidelines for social responsibility by the International Organization for Standardization. ISO 26000 was released in November 2010, only after three years following the official introduction of CSR in Saudi Arabia as indicated early in the introduction chapter. According to ISO website, the ISO26000 goal is to contribute to global sustainable development by encouraging business and other organizations to practice social responsibility in order to improve their impact on their workers, their natural environments and communities.

Hence, many Saudi CSR advocates including large Saudi firms have joined these initiatives since 2010. It has been a classical notion in Saudi Arabia that the Saudi companies are encouraged to join any new International standardization or organization relevant to their nature of business and their core commercial activities. ISO26000 was released at a time when officials and major Saudi CSR movements' founder organizations were enticing Saudi firms to join the CSR Saudi initiatives.

It can be argued that, although ISO26000 constitutes one of the most important international global initiatives, and it could participate in the formation of Saudi CSR endogenous characteristics, it is somewhat at a distance from the Saudi CSR to a certain extent. Saudi CSR has a specific agenda, which sets out principally for serving the local, social and the economic development of KSA.

The through analysis of International CSR indicates that for many Saudi companies, ISO26000 seems a far-fetched project; it is difficult to implement comprehensively as evident from the empirical sections. The reasons are that:

- (A) The Saudi CSR stems from the Saudi companies; specifically, the CSR objectives are based on the local social development requirements.
- (B) The private sector, MNC's Saudi firms, is limited; it forms a small percentage of the Saudi global interactions.
- (D) There are only 13 Saudi firms out of 167 listed as Saudi companies; they are engaged in ISO26000, reporting initiatives (for other reasons, see the discussion section on ISO implication).

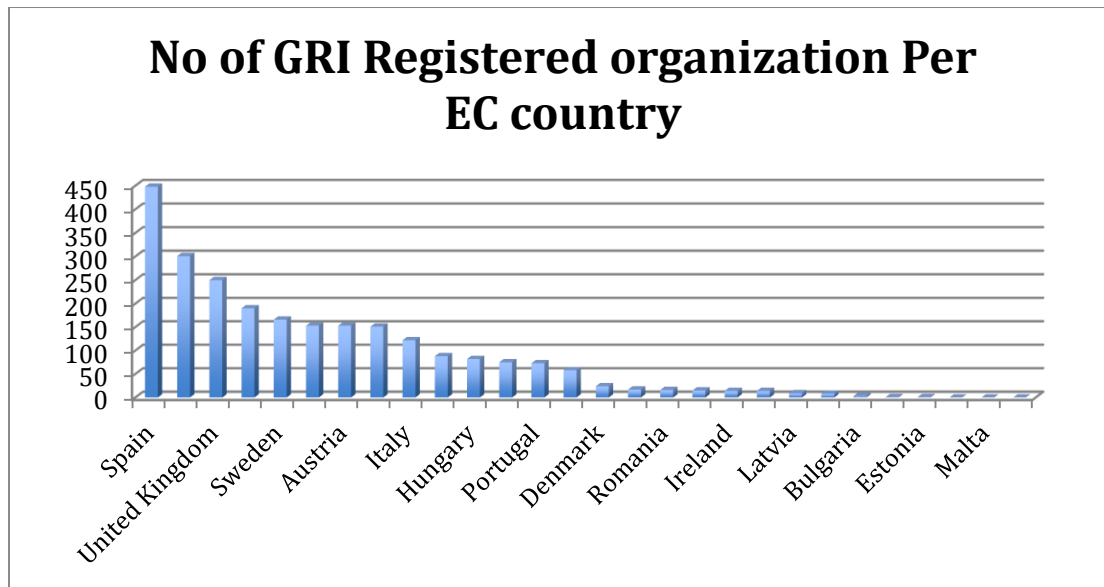


Figure 46: Graph comparing Saudi firms to International countries.

Source: Global Reporting Intittives/<https://www.globalreporting.org/Pages/default.aspx>

The above table shows the magnitude of importance of CSR over EC countries, which is an example for the above argument. The above Graph shows that Spain is leading the race, followed by Germany and United Kingdom

Furthermore, ISO26000 seem sometimes locally irrelevant, obsolete and conflicting with some of the Saudi CSR endogenous characteristic based principles.

For example, ISO26000 requiring participant firms for behaving ethically, seems irrelevant to the case of the 13 Saudi companies engaging in the process due to the fact that they are governed by high ethical Islamic values and guidelines, which comprehensively cover all aspects of their business operation. This has been indicated earlier within the Islamic philanthropy debate.

Similarly, the same argument can be said about the notion of Saudi companies' contribution to the national economic development, which is closely related to some Saudi companies. Hence, Saudi firms are committed to the Saudi economic development even years before the introduction of CSR in Saudi Arabia.

Another example regarding the ISO objective of improving 'the life quality of the employees on the working site and that of their families', seems to be distant from the Saudi companies prime employment purposes. Actually, some Saudi firms are struggling to meet the basic legal requirements for the outcome of Saudization schemes, they are providing to their Saudi nationals. Basically, they need to score acceptable Saudization percentage ratio expressing the ratio of Saudi nationals within their total number of the employees, whereby a drop in the ratio prevents them from getting a permission for contracting and employing new foreign labour force.

At the moment, some Saudi firms are within Carroll's basic social responsibility, legal responsibility and have not been able to extend their cares to improve employee's family life.

Therefore, what is the magnitude of the global reporting initiative (GRI) scheme and its implications on social responsibility reporting development in Saudi Arabia?



Basically, the answer to the above question could be that, as indicated early in the previous section, there are only 13 out of 167 listed Saudi companies that utilize the ISO26000/GRI reporting guidelines and they have published their GRI reports for both Arabic and English language.

Further, evidence obtained from this research documents indicate that other Saudi companies utilize the ISO26000/GRI framework to formulate their own local sustainability reporting techniques, which aimed at the local audience and their stakeholders communicated in the Arabic language.

Consequently, the latter indicates also that ISO26000/GRI implementation can lead to implications on Saudi CSR conceptual distinctive model, where ISO26000 core ethical issues can be replaced by Islamic values and Islamic ethics

ISO publication cited on the main ISO website argues that, since it was founded in 1947, ISO, it has published more than 19500 International Standards covering almost all aspects of technology and business, from food safety to computers and from agriculture to healthcare; ISO International Standards impact all aspects of our lives. ISO standards are developed by groups of experts from all over the world; the experts are aware of the standards that are needed in their respective sectors.

However, it can be argued that those standards are far-fetched, and unsuitable to many highly ethical countries, like Saudi Arabia. ISO experts formulate universal standardizations, suitable for all countries and economic systems; there is no room and scope for fitting local adaptations to the ISO regulations by the possible participant countries.

Therefore, this ascertains that CSR conceptualization and interpretation differs from one country to another and the ISO processes should accommodate the local adaptation. This issue is crucial for the sustainability of ISO26000 and its future developments in highly ethical and culturally influenced countries, such as Saud Arabia. The future ISO 26000 is governed by the fact that it will install globally relevant understanding of what social responsibility is and what organizations need to do to operate in a socially responsible manner.

Yet , the document analysis shows that some of Saudi firms are utilizing the generic ISO26000 and GRI concepts for organizing their social responsibility local endogenous reporting. It can be argued that ISO 26000 is a timely and relevant guide that helps organizations understand what social responsibility is and what they need to do to operate in a socially responsible way. Hence, it is necessary to shed the light on both ISO26000 and its related reporting application and the utilization of GRI.

Many Saudis are confused about the purpose and objective of ISO26000; Hence, ISO website indicated that it is important to note that ISO 26000 contains voluntary guidance and that it is not for use as a certification standard like ISO 9001 or ISO 14001; this needs to be addressed in Saudi Arabia. However, the application and implication of ISO26000 on the Saudi firms could promote transparency and accountability and brighten the company image in general term.

Furthermore, Eugene Tan, an Assistant Professor, a Member of the National Working Group on Social Responsibility and a Lecturer in SMU's School of Law, pointed out that ISO 26000

could evolve into a de facto technical standard and that the organizations may be required by business partners to demonstrate that they “endorse” or “support” ISO 26000., which can be equally applicable and relevant to the Saudi CSR if the proposed recommendation of voluntary National Saudi CSR strategy is endorsed and introduced in the future. Perhaps ISO26000 guideline could prove useful for the Saudi CSR future regulatory development.

## ISO26000 Social Responsibility Core Subjects

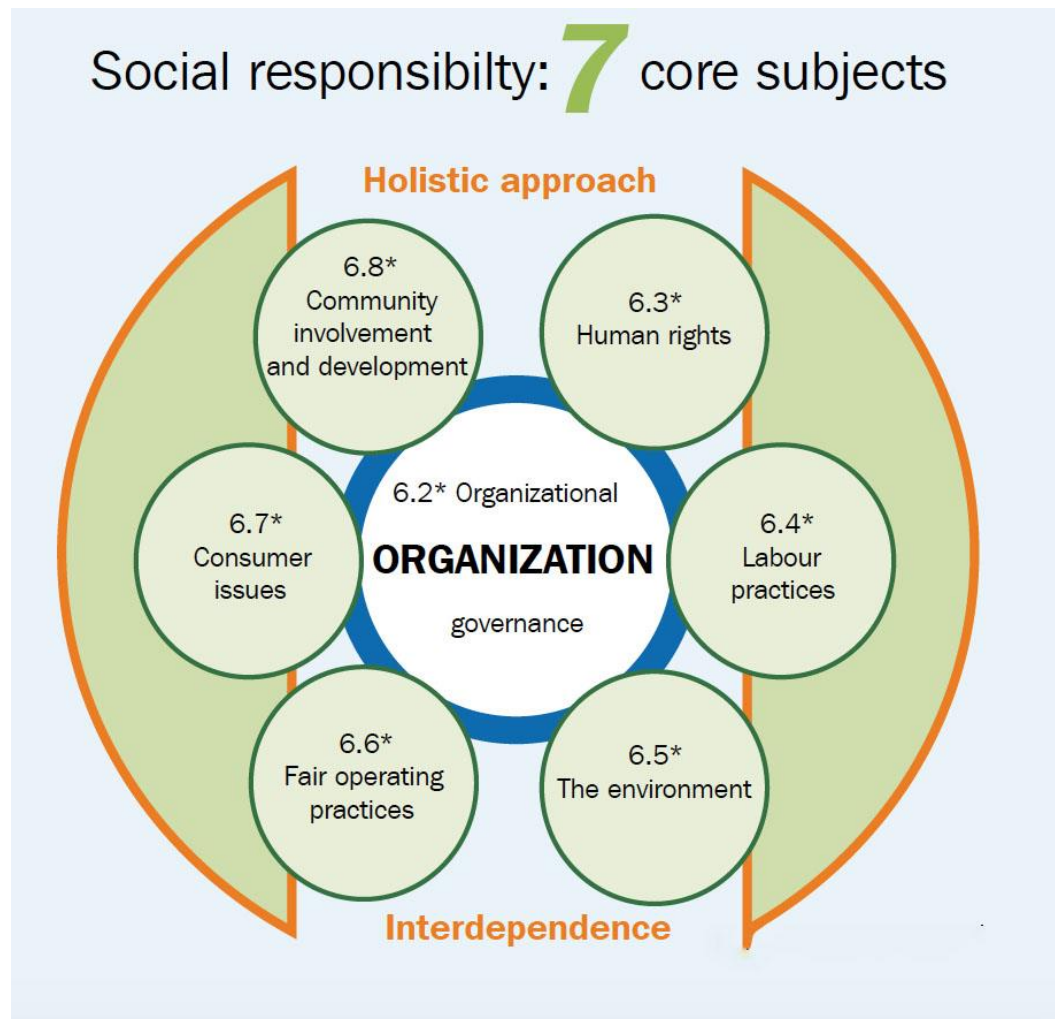


Figure 47: ISO26000 Social Responsibility Core Subjects  
Source: <http://www.iso.org/iso/home.html>

Similar to the above argument regarding the content of ISO26000, there are seven core subjects, or rather objectives, missions to be achieved when ISO26000 is introduced. They are based on the concept stated in clause 6 section 6.2 the organizational governance (Please refer to the Figure above).

This can suggest the possibility of introducing the Saudi CSR corporate governance, the voluntarily recommended regulations in this research. Hence, ISO26000 corporate governance is highly complex, holistic and far more comprehensive in comparison to current Saudi stock market Law corporate governance imposed regulations. No doubt, the above approach should be adopted to incorporate the Saudi CSR endogenous components and its application. This, in essence, could assist in promoting the Saudi national CSR strategy for both listed and non-listed Saudi companies.

Yet, this argument is highly hypothetical and further extensive research is required to be conducted to ascertain the validity of this above argument. This cannot be achieved through the current research and it is not part of the research aims. Please note there is no essential needs to explore those concepts in details as this not relevant and not required by the research

at this stage. (Please note that all the additional details including GRI are included in the appendix for further reference)

However, it can be concluded that the seven core subjects of ISO26000 could be completely different in Saudi Arabia as they are related to the Saudi CSR endogenous principles and major issues as this study suggests. There are seven core subjects; every Saudi company that utilizes ISO 26000 should understand and appreciate them in order to be able to achieve the objectives of implementing ISO26000 comprehensively.

Hence, from the ISO perspective, it is essential to recognize the core subjects relevant to social responsibility in an organization. Additionally, it should be noted that Saudi companies should open minded about appreciating and exploring the eventuality of imposing ISO26000 relevant sections in line with both Saudi leadership and organizations social objectives and their activities within the local environments.

## **Global Reporting initiatives And Saudi CSR Reporting Interpretation**

### **ISO 26000 GRI Generic Summary Implication issues:**

Christianna Wood, Chairman of GRI's Board of Directors, noted that GRI is "the architect of the world's most widely used and referenced sustainability reporting framework, and that it has been a pioneer in making the sustainability reporting process standard practice for thousands of organizations," He added that "the new governance structure and the creation of the Global Sustainability Standards Board is part of the on-going evolution of GRI's critical contribution to a sustainable economy." (Standards Development – ISO)

Furthermore, Sternberg, et al., (2004) defined corporate governance as the system of checks and balances applied for both internal and external companies, which ensures that companies discharge their accountability not only to their shareholders, as Sternberg (2004) suggests, but also to all their stakeholders and that it acts in a socially responsible manner in all aspects of their business activities.

It is useful for those organizations that have used the ISO 26000 guidance and would like to report on their social responsibility, and for those organizations that follow the GRI Guidelines in preparing their reports in order to understand how GRI's Reporting Principles, Standard Disclosures and guidance are related to the clauses of ISO 26000:2010. The latest evolution of the GRI Guidelines is part of the most widely used comprehensive sustainability reporting framework in the world; it is created through an international multi-stakeholder and consensus-based process 3) that enables all companies and organizations to report on their economic, environmental, social and governance performance.

### **Conclusion**

This section provided analysis of the GRI and ISO26000 and insightful conceptualization of the endogenous CSR characteristics; moreover, it has attempted to use the proposed template for the analysis of the results and for drawing the conclusion of the research. It provides useful input and contributes to identifying clearly the Saudi perspective, the CSR initiatives aligned to ISO26000 and the GRI reporting principles.

Combining ISO26000 and GRI templates and their relationship as adapted to the GRI, ISO26000 and Saudi conceptualization Interpretation shows that this practice can be useful for the Saudi companies that wish to incorporate such concepts. The GRI techniques and technicality could add to and enhance the Saudi company's experience with regard to CSR reporting and strategy selection. However, the question whether or not ISO26000 relates directly to any of the endogenous Saudi CSR characteristics is to be investigated throughout the empirical stage. In general, ISO26000 feeds into the Saudi CSR to a certain extent; it has been influencing many large Saudi companies. There is a small momentum for ISO 26000 and GRI initiatives among Saudi companies. The next chapter will explore the conceptualization of CSR from the Saudi perspective and shed light on the country of the study, the Carroll's Models, the Saudi CSR initial generic interpretations and other endogenous CSR areas and debates.

Building on the success of the GRI Guidelines which to date have been used by over 5,000 organizations across more than 90 countries, the new governance structure recognizes the importance of standard-setting being a public interest activity. Christianna Wood, Chairman of GRI's Board of Directors noted that GRI is

“the architect of the world’s most widely used and referenced sustainability reporting framework, and that it has been a pioneer in making the sustainability reporting process standard practice for thousands of organizations,”

He added that “the new governance structure and the creation of the Global Sustainability Standards Board is part of the on-going evolution of GRI’s critical contribution to a sustainable economy.”

The Saudi perspective of ISO26000 and GRI relevancy and appropriately issues are to be examined further within the results interpretation and the discussion section.

## **APPENDIX 2: Ethical Consideration**

### **Introduction of the research in Arabic language**



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## Ethical Consideration Introduction of the research in Arabic language

الأخوة والأخوات

السلام عليكم ورحمة الله وبركاته

أود أن أعبر لكم عن شكري وتقديري بمشاركاتكم والإفادة بأن معلومات الاتصال بكم تم تزويدنا بها من القائمين على مؤسسة الملك خالد الخيرية وذلك تحفيزاً مشكوراً منهم على أهمية هذا البحث وإنشاء الله دلالة على رغبتهم في تجاوبكم. ولما فيه من خدمة للمجتمع وتطوير المسؤولية الاجتماعية للشركات الربحية وغير الربحية في المملكة العربية السعودية الغرض الأساسي من البحث هو عبارة عن حصر للمشاريع القائمة والأفكار المستقبلية والخصائص للمسؤولية الاجتماعية للشركات

National ومدى الاستفادة من تبادل الخبرات والتجارب السابقة وفكرة تكوين endogenous characteristics استراتيجية وطنية للمسؤولية الاجتماعية للشركات تتوافق مع الخصائص والاحتياجات الاجتماعية CSR strategy وإمكانيات الشركات العاملة ومدى إمكانية ملائمة ومناسبة وترابط هذه الاستراتيجيات مع استراتيجية أعمال الشركة

Business strategy

**رابط الاستبيان :**

[https://docs.google.com/forms/d/1Akr37UQl\\_L7nmjxuX1GIfhT80\\_SOKX6232MKGv4SqRQ/viewform](https://docs.google.com/forms/d/1Akr37UQl_L7nmjxuX1GIfhT80_SOKX6232MKGv4SqRQ/viewform)

مشاركاتكم هذه المشكورة تعبر عن مدى مواظنتكم ومسئوليتكم ورغبتكم في خدمة وتنمية المجتمع السعودي. مع التأكيد على أن مشاركة كل واحد منكم هي في غاية الأهمية للوصول إلى آلية جديدة لنشر المفاهيم الصحيحة للمسؤولية الاجتماعية وتبيان دورها في التنمية والاستدامة المستدامة لشركاتكم والمجتمع السعودي سواء. وبحيث يتم تزويدكم بنتائج واقتراحات وتوصيات البحث التي بعون الله تكون عاملاً مساعداً على مدى الاستفادة من التطبيقات النظرية والعملية. الفعالة والاستفادة القصوى من احتضان المسؤولية الاجتماعية للشركات مع إمكانية الحصول على إستشارات مجانية فيما يخص التخطيط الاستراتيجي للشركات وتطبيقات المسؤولية الاجتماعية نقاط القوة والضعف والفرص والمخاطر ( SWOT analysis للشركات والتخطيط الاستراتيجي لها بما يتناسب مع للشركة . وبما فيه التخطيط لإعداد التقارير للإستدامة

Sustainability reporting

تقبلوا تحياتي وتقديري

باحث الدكتوراة السعودي

عدنان عيسى صعيدي

جامعة شستر

المملكة المتحدة



### **APPENDIX 3: Research Questionnaire**

- (1) **Questionnaires** (online and hardcopy), which are distributed to ALL Saudi organizations registered on the database obtained from King Khalid Foundation, whom the researcher is thankful for their contribution to this research. The Questionnaire objective is to investigate the main research questions and to focus on the current CSR endogenous applications and approaches in Saudi Arabia. Thus, it aims to provide evidence for the confirmatory statements of the research propositions.

**A1-1: Questionnaire /Interview protocol /document Analysis    BIA Data Analysis**  
**English Translation**

English Translation for Questionnaire /Document Analysis / Interviews Protocol		
Questions representing Area of Investigation: Saudi Endogenous CSR characteristics	<b>Implication</b> Relational Implication	Question Reference
Achieving high level of competitiveness local and global		
A tool for meeting up social obligation,	Saudization,	
Mean of measurements the involvements' in National developments obligation	National development	
Leadership strategy towards social contribution	CSR strategic vision of leadership	
Saudi organization's stakeholders	Stakeholder's expectation	
CSR Is about poverty elevation The provision For the needy Part of the population, And the organization charitable contribution to the poor and needy.	Social development, Saudization women participaton, emplyoment, youth training, Saudi national development	Q2-1
CSR Is about Reciprocate and Giving back to the community and to express gratitude to members of the community in which they operate the company.	Good corporate citizenship and Implementing Islamic prinicple stwerdship of society	Q2-2
CSR Is about. Extension of private charity and philanthropy sustainable Islamic beliefs	Organizaed Charitablel donation and Extending Islamic philanthropic old activities	Q2-3
CSR Is about implementation for aligned CSR strategic plan which Synchronized to the business strategy of the company.	CSR vision and mission Synchronisation to Business Vision and mission Strategic management for CSR purpose	Q2-4
CSR Is about Sustainability and own profitability The Three Ps Profit People and Planet.	Sustainability, Profitability and shareholders expectation. (Stakeholders' theory)	Q2-5
CSR Is about environmental protection and preservation of national resources.	Environmental protection, Islamic Ideology concept. Harmonization	Q2-6
CSR Is about foreign or international ambiguous unclear concepts or regulation.	ISO26000 and other un understood CSR concepts Distance from Saudi Companies. Islamic philanthropy prod endure profile over CSR concepts.	Q2-7

CSR doesn't have any related additional financial costs when implemented by company.	Some Saudi companies unique conceptualization for CSR, don't they need to provide additional financial cost. For them CSR is non-financial activities. Other believe they have already existing Islamic philanthropic, plus Zakat contribution	Q3
Does the company needs to bear the additional cost of CSR the company, and provide accounting and planning for this cost in the annual budget in advance?	Advance financial costing budgeting for CSR activities, confirming Saudi companies intention for CSR embracement	Q3-1
IF yes. Is CSR financial Rate contribution is higher than rate of Zakat 2.5%?	Saudi companies already paying Zakat at 2.5% would they pay more towards CSR contribution or lower, some allocating 1% of their net profit?	Q3-2
CSR can be used for implementation of Strategic Social sustainability projects.	CSR for Social development	Q4
Setting up establishments for implementing social care and services projects.	Social obligation social development	Q4-1
Aligning, calibrating the company's business strategy with social responsibility strategy planned for the company to implement	Calibrating CSR social sustainability development to their owns strategic management plan. Saudization, women, Skilled Saudi national programme. Etc	Q-4-2
The establishment of NGOs, non-profit institutions competent to implement projects implemented corporate social responsibility, promotion and invite other companies to participate	Voluntarism, NGOs' specialized CSR companies support. CSR activities seem outside the core activities of the business.	Q4-3
Specialized institutions to serve the men with special needs	Social obligation social care services system/ Islamic philanthropy	Q4-4
Specialized institutions to serve the women with special needs	Social obligation social care services system/ Islamic philanthropy	QI-5
Specialized institutions to spread religious awareness and dissemination of the Islamic religion	CSR used for Islamic ideology enforcement	Q4-6
Specialized institutions to spread health awareness and avoid diseases	Social obligation social care services system/ Islamic philanthropy	Q4-7

Specialized institutions for the dissemination of financial and consumer awareness and rationalization of expenditure	National economic development	Q4-8
Institutions to stimulate the national talent and stimulate science and technology	Social obligation social development education	Q4-9
Institutions concerned with environmental stewardship and protection		Q4-10
Institutions mean voluntary work aimed at the development of the economy and the sustainability of the business.	National economic development	Q4-11
Others		Q4-12
CSR be within the charitable (philanthropic) and social projects (The selection of projects that you participated or want to participate in the future)	Islamic philanthropy, extension for charitable donation projects, existing Islamic projects.	Q5
The establishment of mosques and its Annexes	Islamic philanthropy	Q5-1
Establishing Home or canthers for the disabled, the elderly and care for them	Social obligation social care services system/ Islamic philanthropy	Q5-2
The establishment of social care centres and rehabilitation of people with special needs	Social obligation social care services system/ Islamic philanthropy	Q5-3
Set up community centres to take care of absolutes	Social obligation social care services system/ Islamic philanthropy	Q5-4
Set up community centres to care for people with limited income	Social obligation, Social development, Saudization women participaton, emplyoment, youth training, Saudi national development	Q5-5
The establishment of specialized centres for the care and training of producer families	Social obligation, Social development sustainability, women participaton, emplyoment, Saudi national development	Q5-6
The desire for the establishment of specialty shops to promote and sell products produced families future project	Social obligation, Social development sustainability, women participaton, emplyoment, Saudi national development	Q5-7
Participate in the construction and establishment of any building for social service and attention to the work of members of the surrounding community company	Social obligation, Social development sustainability, women participaton, emplyoment, Saudi national development	Q5-8

Participation in the construction of public parks and facilities	Social obligation, Social development sustainability, women participaton, emplyoment, Saudi national development, environmental protection	Q5-9
Participation in the establishment of municipal neighbourhood centres and funding	Social obligation, Social development sustainability, women participaton, emplyoment, Saudi national development, environmental protection	Q5-10
None		Q5-11
CSR be within the educational community projects training	Social obligation, Social development, Saudization women participaton, emplyoment, youth training, Saudi national development	QI
Building and opening Children's school	Social obligation, Social development, Saudization women participaton, emplyoment, youth training, Saudi national development, prime Education services	Q6-1
Building and opening Colleges for over secondary schools	Social obligation, Social development, Saudization women participaton, emplyoment, youth training, Saudi national development, prime Education services	Q6-2
Establishment of vocational centres to train young people and vocationally rehabilitated	Social obligation, Social development, Saudization women participaton, emplyoment, youth training, Saudi national development, prime Education services	Q6-3
Creation of professional training centres for girls and vocationally rehabilitated	Social obligation, Social development, Saudization women participaton, emplyoment, youth training, Saudi national development, prime Education services	Q6-4
Participate in any social constituent educational projects or other training	Social obligation, Social development, Saudization women participaton, emplyoment, youth training, Saudi national development, prime Education services	Q6-5
None		QI-6
CSR projects are part of the recruitment and human resources	National competitiveness, national economic development, Saudization	Q7
To the implementation of Saudization staff in Foundation programs	Social development, Saudization women participaton, emplyoment, youth training, Saudi national development	Q7-1



To the implementation of training programs and recruiting young Saudis within the institution	Social development, Saudization women participaton, emplyoment, youth training, Saudi national development	Q7-2
To the implementation of training programs and recruiting Saudi women within the organization	Social development, Saudization women participaton, emplyoment, youth training, Saudi national development	Q7-3
Specific programs to enable Saudi women for employment	Social development, Saudization women participaton, women emplyoment, Saudi national development	Q7-4
Training programs for training internal or external to the development of administrative capacity for self-employees of the Company	Saudi National Economic Developments	Q7-5
Provide special programs for the employment of women's experience in senior positions	Social development, Saudization women participaton, women empowerment	Q7-6
CSR be within the activities of courses, events and conferences	Non-financial CSR, activities only	Q7-7
Posts to attend courses and conferences periodic social corporate responsibility at the local level	Non-financial CSR, activities only possibility of future CSR development implementation	Q8-1
Posts to attend courses and conferences periodic social corporate responsibility on a global scale	Attraction towards ISO26000 and GRI reporting other International intititivities	Q8-2
none		Q8-3
CSR be within the material support and charitable donations in terms of social service projects	CSR is another face for charitable donnation. Islamic philanthropy	0
Financial support other charities working within the Kingdom	Voluntarism, NGOs' specialized CSR companies support. CSR activities seem outside the core activities of the business.	Q9-1
Financial support other charities operating in the Gulf region	Voluntarism, NGOs' specialized CSR companies support. CSR activities seem outside the core activities of the business.	Q9-2
Financial support other charities operating outside the UK	Voluntarism, NGOs' specialized CSR companies support. CSR activities seems outside the core activities of the business.	Q9-3
Financial support other charities working within the limits of the Arab countries MENA	Voluntarism, NGOs' specialized CSR companies support. CSR activities seem outside the core activities of the business.	Q9-4
Financial l care for people with special needs	Social obligation social care services system/ Islamic philanthropy	Q9-5
Financial care for low-income families	Social obligation social care services system/ Islamic philanthropy	Q9-6

Financial and Material support for refugees and those affected by civil wars care	Social obligation to Islamic Browder community social care services system/ Islamic philanthropy	Q9-7
Financial Material support for refugees and those affected care keep up with the vagaries of weather	Social obligation to Islamic Browder community social care services system/ Islamic philanthropy	Q9-8
None		Q9-9
CSR be within the moral support and the exchange of experiences	Non-financial CSR, activities only	Q10
Provide moral support, administrative and financial expertise to take care of other institutions and social service projects within the Kingdom	Financial CSR support and social obligation social care system	Q10-1
Provide moral support, administrative and financial expertise to other institutions to take care of social service projects in the Gulf	Financial CSR support and social obligation social care system GCC	Q10-2
Provide moral support, administrative and financial expertise to take care of other institutions and social service projects outside the Kingdom	Financial CSR support and social obligation social care system Global	Q10-3
Provide moral support, administrative and financial expertise to take care of other institutions and social service projects within the Arab countries MENA	Financial CSR support and social obligation social care system MENA	Q10-4
None		Q10-5
Have you been issuing special reports of social responsibility or sustainability Reports issues	Sustainability Reporting, GRI	Q11
2007	Sustainability Reporting, GRI	Q11-1
2008	Sustainability Reporting, GRI	Q11-2
2009	Sustainability Reporting, GRI	Q11-3
2010	Sustainability Reporting, GRI	Q11-4
2011	Sustainability Reporting, GRI	Q11-5
2012	Sustainability Reporting, GRI	Q11-6
2013	Sustainability Reporting, GRI	Q11-7
2014	Sustainability Reporting, GRI	Q11-8
2015	Sustainability Reporting, GRI	Q11-9
None	Sustainability Reporting, GRI	Q11-10
Social responsibility to be within the scope of corporate governance and the implementation of programs and planning	Corporate Governance	Q12
Agree	Corporate Governance	Q12-1
Disagree	Don't promote corporate Governance	Q12-2
Don't know	Don't promote corporate Governance	Q12-3

## **A1-2: Online Sample Questionnair**

## إستبان عن المسؤولية الاجتماعية للشركات

\* Required

ما هو نوع كيان المؤسسة او الشركة؟ \*

الاختيار من الائحة

☐ جهة حكومية

☐ جهة شبه حكومية

☐ شركة ربحية تساهمية عامة مسجلة في سوق الاسهم

☐ شركة ربحية تساهمية خاصة الملكية

☐ مؤسسة خاصة فردية

☐ شركة خاصة

☐ مؤسسات غير ربحية غير حكومية NGOs

☐ غير موجود في القائمة أخرى

:Other

الايمل ؟ \*

لتزويدكم بنتائج البحث أنشاء الله تعالى

أسم المسئول ؟

لتزويدكم بنتائج البحث أنشاء الله تعالى

ألمنصب ؟ \*

رقم الجوال ؟ \*

أرسال رسائل توعية خاصة بالبحث

### المقدمة

الأخوة والأخوات السلام عليكم ورحمة الله وبركاته  
أود ان اعبر لكم عن شكري وتقديري بمشاركتم والإفادة بأن معلومات الاتصال بكم تم تزويدنا بها من قبل القائمين على مؤسسة الملك خالد الخيرية رحمه الله وذلك تحفيزاً مشكوراً منهم على أهمية هذا البحث و إنشاء الله دلالة على رغبتهم في تجاوبكم ولما فيه من خدمة إيجابية للمجتمع وتطوير المسؤولية الاجتماعية للشركات الربحية وغير الربحية الحكومية وغير الحكومية في المملكة العربية السعودية الغرض الأساسي من البحث هو عبارة عن حصر المشاريع القائمة والأفكار المستقبلية والخصائص للمسؤولية الاجتماعية للشركات Endegenous Saudi CSR  
ومدى الاستفادة من تبادل الخبرات والتجارب السابقة وفكرة تكوين استراتيجية وطنية للمسؤولية الاجتماعية للشركات National CSR strategy تتوافق مع الخصائص والاحتياجات الاجتماعية , وإمكانيات الشركات العاملة ومدى إمكانية ملائمة ومناسبة وترابط هذه الاستراتيجيات مع استراتيجية أعمال الشركة Business Strategy  
مشاركتم هذه المشكورة تعبر عن مدى مواظنتكم ومسئوليتكم ورغبتكم في خدمة وتنمية المجتمع السعودي مع التأكيد على ان مشاركة كل واحد منكم هي في غاية الأهمية للوصول الى آلية جديدة لنشر المفاهيم الصحيحة للمسؤولية الاجتماعية وتبيان دورها في التنمية والاستدامة المستدامة لشركتكم والمجتمع السعودي سواء. وبحيث يتم تزويدكم بنتائج واقتراحات وتوصيات البحث التي يعون الله تكون عاملاً مساعداً على مدى الاستفادة من التطبيقات النظرية والعملية الفعالة و من إحتضان المسؤولية الاجتماعية للشركات بأقصى الحدود مع إمكانية الحصول على إستشارات مجانية فيما يخص التخطيط الاستراتيجي للشركات وتطبيقات المسؤولية الاجتماعية للشركات والتخطيط الاستراتيجي لها بما يتناسب مع (نقاط القوة والضعف والفرص) والمخاطر للشركة SWOT analysis  
وبما فيه التخطيط لإعداد التقارير للإستدامة Sustainability Reporting  
تقبلوا مني تحياتي وتقدير  
باحث الدكتوراة السعودي  
عدنان عيسى صعيد  
جامعة شستر

عنوان الموقع الالكتروني للشركة ؟

معلومات اضافية لمن يرغب الاقصاد عن المشاركة ونشر معلومات عن الشركة في البحث

المشاريع الخيرية للشركة التي لها علاقة (بالمسؤولية الاجتماعية للشركات) تكون ضمن هدف الفوز في التالي ؟ \*

#### عنوان الموقع الإلكتروني للشركة ؟

معلومات إضافية لمن يرغب الإفصاح عن المشاركة ونشر معلومات عن الشركة في البحث

#### المشاريع الخيرية للشركة التي لها علاقة (بالمسؤولية الاجتماعية للشركات) تكون ضمن هدف الفوز في التالي ؟ \*

☐ مشاركات تسابقية في نطاق تحفيز مبادئ المسؤولية الاجتماعية للشركات في الشركة أو المؤسسة

☐ المشاركة في جائزة مؤسسة الملك خالد الخيرية للتسابقية

☐ المشاركة التسابقية لهيئة سوق المال

☐ مشاركات أخرى تختص في هذا المساق

☐ لا يوجد أو لم يتم

☐ Other:

تهدف هذه الدراسة إلى إجراء تحليل علمي للمسؤولية الاجتماعية للشركات وأصول المبادئ المعمول بها في المملكة العربية السعودية ب  
أصبح للمسؤولية الاجتماعية للشركات ، دافع و زخم قوي في المنظمات السعودية العامة والخاصة وأصبحت من الأدوات المهمة الأساسية  
لتحقيق مستوى من التنافسية، وتلبية الالتزام الاجتماعي، وتعزيز إدارات المشاريع الاستراتيجية الخيرية والقيادة العليا تجاه المساهمة في مشاريع  
الإنجازات الاجتماعية و كوسيلة للقياس لمدى المشاركة في الإنجازات للتطوير الاقتصاد الوطني والاستدامة المستدامة لكلا من له حق على (   
المنظمات السعودية والعالمية العاملة محليا ) من المجتمع السعودي و أصحاب الحقوق على الشركات

☐ اوافق

☐ غير موافق

☐ لا اعلم

☐ ملاحظات

☐ Other:

#### ما هو مفهومكم للمسؤولية الاجتماعية للشركات ؟ \*

المعنى العام اختيار الاقرب الى اعتقادكم عن هذا المبدأ

☐ المسؤولية الاجتماعية للشركات هي عبارة عن العطاء للفقراء والفئات المحتاجة من المجتمع

☐ المسؤولية الاجتماعية للشركات هي عبارة عن رد الجميل للمجتمع والتعبير عن العرفان للأفراد المجتمع التي تعمل فيه الشركة

☐ المسؤولية الاجتماعية للشركات هي عبارة عن امتداد لمعتقدات إسلامية خاصة بالصنفة والقيام بأعمال خيرية مستدامة

☐ المسؤولية الاجتماعية للشركات هي عبارة عن تنفيذ خطة استراتيجية مترابطة مع الخطة الاستراتيجية للشركة

☐ المسؤولية الاجتماعية للشركات هي عبارة عن تنفيذ مبادئ الاستدامة المستدامة الربحية للشركة

☐ المسؤولية الاجتماعية للشركات هي عن حماية البيئة وإتخاذ اساليب الحفاظ عليها

☐ المسؤولية الاجتماعية للشركات هي عبارة عن مفاهيم اجنبية غير واضحة

☐ غير معروف

☐ Option 9

☐ المسؤولية الاجتماعية للشركات هي عبارة عن مفاهيم اجنبية مستوردة من شركات عالمية تابعه لعمليات الشركة

#### المسؤولية الاجتماعية للشركات لا يقصد به ان تتحمل الشركة تكلفة مالية إضافية من جراء تنفيذ برامج المسؤولية الاجتماعية في الشركة \*

☐ موافق

☐ غير موافق

☐ غير معروف

☐ Other:

#### هل يتوجب على الشركة تحمل تكلفة إضافية وإحتساب والتخطيط لهذه التكلفة ضمن الميزانية العمومية السنوية للشركة ؟ \*

☐ نعم

☐ لا

☐ غير متأكد

☐ Other:

إذا كانت الاجابة نعم لسؤال اعلاه

هل توجد علاقة او نسبة معينة مخصصة لمشاريع المسؤولية الاجتماعية من صافي ارباح او دخل الشركة

☐ نعم

☐ لا

☐ غير متأكد

☐ Other:

إذا كانت الاجابة نعم لسؤال اعلاه \*

هل النسبة المعينة المخصصة لمشاريع المسؤولية الاجتماعية تكون أكثر من نسبة ذكاة المال ؟

☐ نعم

☐ لا

☐ غير متأكد

☐ Other:

المسؤولية الاجتماعية للشركات يمكن استخدامها لإغراض تنفيذ برامج استراتيجية \*

اختيار البرامج والمشاريع الاستراتيجية

☐ انشاء مؤسسات خاصة تهدف الى تنفيذ مشاريع الخدمة الاجتماعية

☐ إتلاف وترابط الاستراتيجية اعمال الشركة مع استراتيجية المسؤولية الاجتماعية للشركة المخطط لتنفيذها

☐ انشاء مؤسسات NGOs غير ربحية مختصة لتنفيذ مشاريع المسؤولية الاجتماعية للشركات وترويجها ودعوة شركات اخرى للمشاركة

☐ مؤسسات متخصصة لخدمة ذوي الاحتياجات الخاصة رجال

☐ مؤسسات متخصصة لخدمة ذوي الاحتياجات الخاصة نساء

☐ مؤسسات متخصصة لنشر التوعية الدينية ونشر الدين الاسلامي

☐ مؤسسات متخصصة لنشر التوعية الصحية وتجنب الأمراض

☐ مؤسسات متخصصة لنشر التوعية المالية والاستهلاكية وترشيد الإنفاق

☐ مؤسسات لتحفيز المواهب الوطنية وتحفيز العلوم والتقنية

☐ مؤسسات تعني برعاية البيئة

☐ مؤسسات تعني بالأعمال التطوعية الهادفة الى تطوير الاقتصاد واستدامة الاعمال

☐ لا يوجد او لم يتم

☐ Other:

المسؤولية الاجتماعية للشركات تكون ضمن مشاريع خيرية واجتماعية \*

إختيار المشاريع التي شاركتم او ترغبون المشاركة فيها مستقبلا

☐ انشاء مساجد وملاحقها

☐ انشاء دور للعجزة وكبار السن والعناية بهم

☐ انشاء مراكز اجتماعية للعناية وتأهيل ذوي الاحتياجات الخاصة

☐ انشاء مراكز اجتماعية للعناية بالمطلقات

☐ نشاء مراكز اجتماعية للعناية بذوي الدخل المحدود

☐ انشاء مراكز متخصصة للرعاية وتدريب الأسر المنتجة

☐ الرغبة في انشاء محلات تجارية متخصصة للترويج وبيع منتجات الأسر المنتجة مشروع مستقبلي

☐ المشاركة في بناء و انشاء اي مبنى لأغراض الخدمة الاجتماعية وعناية أفراد المجتمع المحيط بأعمال الشركة

☐ المشاركة في بناء الحدائق العامة ومرافقها

☐ المشاركة في انشاء مراكز الأحياء البلدية وتمويلها

☐ لا يوجد او لم يتم

☐ Other:

المسؤولية الاجتماعية للشركات تكون ضمن مشاريع إدارية وأداء الشركة الإنتاجي  
إختيار المناسب منها

- ☐ استخدام المسؤولية الاجتماعية لتحسين الاداء الوظيفي الاداري
- ☐ استخدام المسؤولية الاجتماعية لتحسين انتاجية المؤسسة او الشركة
- ☐ استخدام المسؤولية الاجتماعية لتقليل الميزانية التشغيلية والتكلفة للشركة
- ☐ استخدام المسؤولية الاجتماعية لتحسين الاداء التنافسي الربحي
- ☐ غير معروف ولا يوجد
- ☐ Other:

المسؤولية الاجتماعية للشركات تكون ضمن مشاريع اجتماعية تعليمية تدريبية \*  
إختيار المشاريع التي شاركتكم و ترهبون المشاركة فيها مستقبلاً

- ☐ انشاء مدارس للأطفال
- ☐ انشاء معاهد وكليات لما هم فوق من المرحلة الثانوية
- ☐ انشاء مراكز مهنية لتدريب الشباب وتأهيلهم مهنياً
- ☐ انشاء مراكز مهنية لتدريب الفتيات وتأهيلهم مهنياً
- ☐ المشاركة في اي مشاريع تأسيسية اجتماعية تعليمية او تدريبية اخرى
- ☐ لا يوجد او لم يتم
- ☐ Other:

المسؤولية الاجتماعية للشركات تكون ضمن مشاريع توظيف وموارد بشرية \*  
إختيار المشاريع التي شاركتكم او تحبون المشاركة فيها

- ☐ القيام بتنفيذ برامج سعودة الموظفين في المؤسسة
- ☐ القيام بتنفيذ برامج تدريب وتوظيف الشباب السعودي داخل المؤسسة
- ☐ القيام بتنفيذ برامج تدريب وتوظيف النساء السعوديات داخل المؤسسة
- ☐ برامج محددة لتمكين النساء السعوديات من الوصول للمناصب العليا في الشركة
- ☐ برامج تدريبية تدريبية داخلية او خارجية للتطوير القدرات الإدارية الذاتية لموظفي الشركة
- ☐ تقديم برامج خاصة للتوظيف الخبرات النسائية في المناصب العليا
- ☐ لا يوجد او لم يتم
- ☐ Other:

المسؤولية الاجتماعية للشركات تكون ضمن فعاليات الدورات والمناسبات والمؤتمرات \*  
المشارك فيها او سوف تشاركون فيها

- ☐ المشاركات في حضور الدورات والمؤتمرات الدورية للمسؤولية الاجتماعية الشركات على المستوى المحلي
- ☐ المشاركات في حضور الدورات والمؤتمرات الدورية للمسؤولية الاجتماعية الشركات على المستوى العالمي
- ☐ لا يوجد او لم يتم
- ☐ Other:

المسؤولية الاجتماعية للشركات تكون ضمن الدعم المعادي والتبرعات الخيرية من منطلق مشاريع الخدمة الاجتماعية \*  
المشاركون والذاعمون فيها او سوف تشاركون فيها مستقبلاً

- ☐ الدعم المعادي للمؤسسات خيرية اخرى تعمل داخل المملكة
- ☐ الدعم المعادي للمؤسسات خيرية اخرى تعمل داخل منطقة دول الخليج
- ☐ الدعم المعادي للمؤسسات خيرية اخرى تعمل خارج المملكة
- ☐ الدعم المعادي للمؤسسات خيرية اخرى تعمل في حدود دول الوطن العربي MENA
- ☐ رعاية مادية لذوي الإحتياجات الخاصة
- ☐ رعاية مادية للعائلات محدودي الدخل
- ☐ رعاية مادية لاجئين ومضطربين حروب أهلية
- ☐ رعاية مادية لاجئين ومضطربين نواكب تقلبات مناخية
- ☐ لا يوجد او لم يتم

المسؤولية الاجتماعية للشركات تكون ضمن الدعم المادي والتبرعات الخيرية من منطلق مشاريع الخدمة الاجتماعية \*  
المشاركون والداعمون فيها أو سوف تشاركون فيها مستقبلاً

- ☐ الدعم المادي للمؤسسات خيرية أخرى تعمل داخل المملكة
- ☐ الدعم المادي للمؤسسات خيرية أخرى تعمل داخل منطقة دول الخليج
- ☐ الدعم المادي للمؤسسات خيرية أخرى تعمل خارج المملكة
- ☐ الدعم المادي للمؤسسات خيرية أخرى تعمل في حدود دول الوطن العربي MENA
- ☐ رعاية مادية لذوي الإحتياجات الخاصة
- ☐ رعاية مادية للعائلات محدودي الدخل
- ☐ رعاية مادية لاجئين ومضطربين حروب أهلية
- ☐ رعاية مادية لاجئين ومضطربين نواكب تقلبات مناخية
- ☐ لا يوجد أو لم يتم
- ☐ Other:

المسؤولية الاجتماعية للشركات تكون ضمن الدعم المعنوي وتبادل الخبرات \*  
المشاركون والداعمون فيها أو سوف تشاركون فيها مستقبلاً

- ☐ تقديم الدعم المعنوي والخبرات الإدارية والمالية للمؤسسات أخرى تعنى بمشاريع الخدمة الاجتماعية داخل المملكة
- ☐ تقديم الدعم المعنوي والخبرات الإدارية والمالية للمؤسسات أخرى تعنى بمشاريع الخدمة الاجتماعية ضمن دول الخليج
- ☐ تقديم الدعم المعنوي والخبرات الإدارية والمالية للمؤسسات أخرى تعنى بمشاريع الخدمة الاجتماعية خارج المملكة
- ☐ تقديم الدعم المعنوي والخبرات الإدارية والمالية للمؤسسات أخرى تعنى بمشاريع الخدمة الاجتماعية ضمن دول الوطن العربي MENA
- ☐ لا يوجد أو لم يتم
- ☐ Other:

هل تم اصدار تقارير خاصة بالمسؤولية الاجتماعية أو الإستدامة Sustainability Reports issues \*  
إختيار تقارير الإفصاح الشامل عن الإستدامة أو المسؤولية الاجتماعية الصادرة أو المستقبلية

- ☐ 2007
- ☐ 2008
- ☐ 2009
- ☐ 2010
- ☐ 2011
- ☐ 2012
- ☐ 2013
- ☐ 2014
- ☐ لا يوجد أو لم يتم
- ☐ Other:

معلومات أخرى ترغبون المشاركة بها وروابط الكترونية للتقارير الاستدامة أو نسمح منها  
يمكنكم ارسال تقارير الاستدامة و المسؤولية الاجتماعية للشركات والنشاطات واي معلومات أخرى [adnansaeidi@yahoo.com](mailto:adnansaeidi@yahoo.com) رقم الهاتف 00447737178698

المسؤولية الاجتماعية تكون ضمن نطاق حوكمة الشركات وتنفيذ برامجها والتخطيط لها

- ☐ اوافق
- ☐ غير اوافق
- ☐ لا ادري





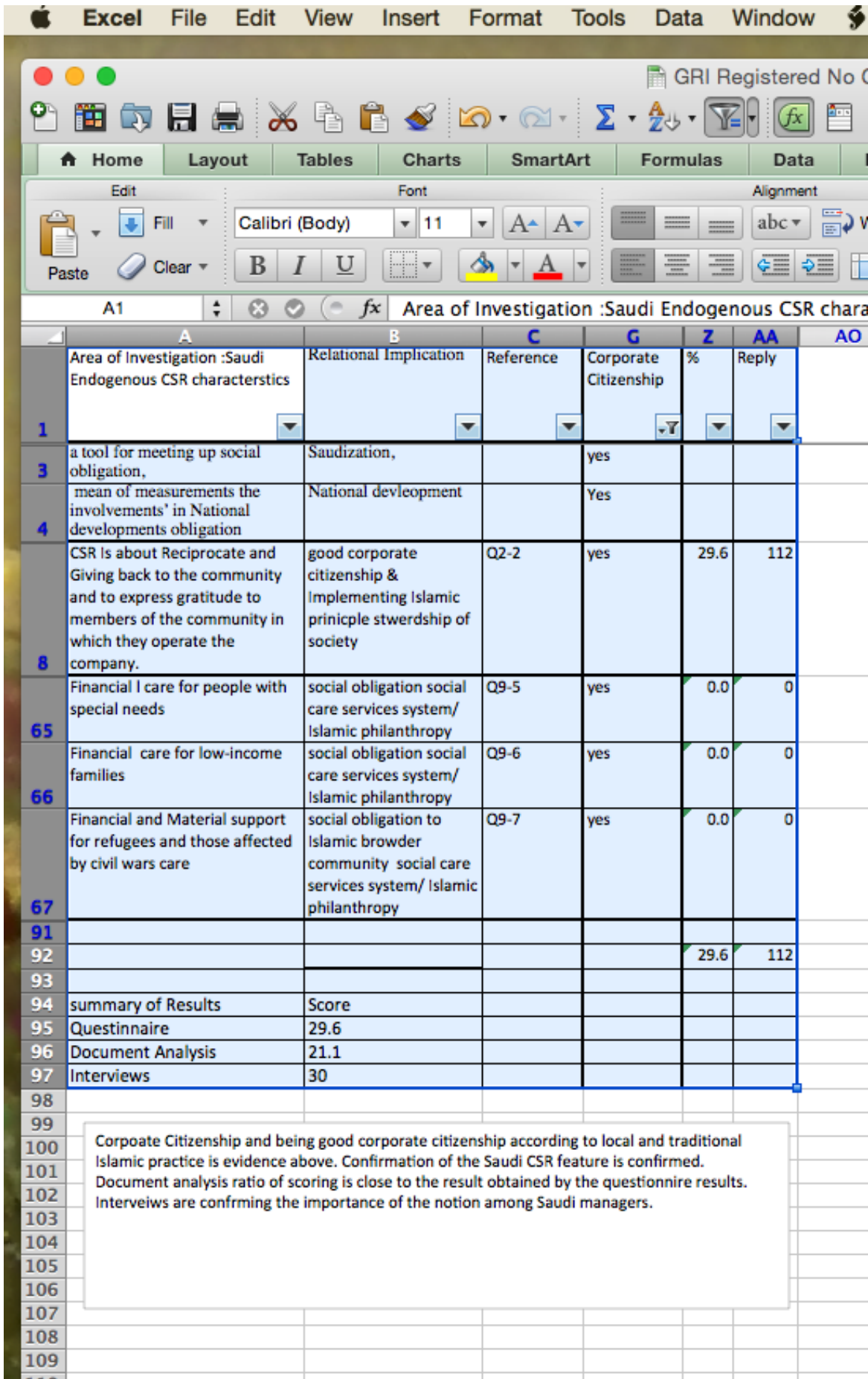
## **APPENDIX 4: Research Interviews Protocol.**

- (1) **Interviews** for selective CSR managers and advocates in Saudi Arabia. Semi structure interviews are use for supporting the data obtained from other data collection procedures

<b>Interview protocol:</b> it is used as follows:
Name of company,: type of companies
: Position: Establishing level of decision-making.
Nature of the philanthropic projects?
Q: Are utilising Business Strategy,?
What is Vision of the organization/ Does it have any relationship to CSR?
Q What is the Mission of the organization/ Does it have any relationship to CSR?
Does your organization have CSR Strategy put in place.?
Does your company produce publish any type of CSR Reports,
How long have your firms are publishing / and CSR years implementation?
CSR due to National competitiveness implication ? have you engaged in this competition and so on. ?
What the main Definition of CSR, Social Obligation, Islamic philanthropy, given back to society, gratitude for society and so on.?
Islamic charitable projects,
What are the Saudization activities for the company ? why
Are supporting women employment in the company? How , when started
Does your company promote Women empowerment into leadership? When , statistics
Do are engaged in other Training young Saudi employment , other social development schemes?
Leadership CSR vision and CSR document Analysis.
Provide any documents, publication, resources for your CSR projects.

**Sample of BIA used for Data Analysis and Data Triangulations.**

**A2-1 Sample of BIA for Corporate citizenship Finding Analysis**



## A2-2 Sample of BIA for Stakeholders' Expectation Findings Anlaysia

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Area of Investigation :Saudi Endogenous CSR characteristics

	A	B	C	H	Z	AV
	Area of Investigation :Saudi Endogenous CSR characteristics	Relational Implication	Reference	Stakeholders Expectation	%	replies
1						
4	mean of measurements the involvements' in National developments obligation	National development		Yes	10	40
11	CSR Is about Sustainability and own profitability The Three Ps Profit People and Planet .	Sustainability, Profitability and shareholder's expectation. (stakeholder's theory)	Q2-5	yes	14.1	102
91						
92					24.1	142
93						
94	summary of Results	Score				
95	Questionnaire	24.1				
96	Document Analysis	26.3				
97	Interviews	24.0				
98						
99						
100						
101						
102						
103						

## A2-3 Sample of BIA for Islamic Philanthropy Findings Analysis

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Area of Investigation :Saudi Endogenous						
	A	B	C	F	Y	Z
1	Area of Investigation :Saudi Endogenous CSR characteristics	Relational Implication	Reference	Islamic philanthropy	%	reply
7	CSR is about poverty elevation The provision For the needy Part of the population, And the organization charitable contribution to the poor and needy.	Social development , Saudization women participaton, employment, youth training , Saudi national development	Q2-1	yes	11.3	83
9	CSR is about .Extension of private charity and philanthropy sustainable Islamic beliefs	Organizaed Charitablel donation and Extending Islamic philanthropic old activities	Q2-3	yes	9.9	37
18	Setting up establishments for implementing social care and services projects.	social oblation social development	Q4-1	yes	0	30
91						
92					21.1	150
93						
94	summary of Results	Score				
95	Questinnnaire	21.1				
96	Document Analysis	26.3				
97	Interviews	24				
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## APPENDIX 5 DOCUMENT ANALYSIS CASE STUDIES

### A5-1: CASE Studies Analysis Private Companies

#### A5-2 Summary of Results

Saudi Company	CSR Sustainability and Reporting Years	Confirmatory endogenous characteristics CSR	Notes Comments
<b>ALJCI</b>	2008 to 2012	To meet up stakeholder expectation Social obligation National social obligation Corporate citizenship Row model Youth training	Given back to society, social development and regeneration of social development CSR policies and initiatives are based on Religious Ideology and CEO own vision Global interaction with countries like Japan , Egypt , Morocco , and so on., Misconception of CEO ALJCI “We hear much talk about “Corporate Social Responsibility”. I do not like this expression. It makes responsibility sound like an obligation. It is not, it is a privilege. And it makes it sound like an issue for the business. For me, and for everyone who works with me, it is more than that – it’s personal. Which is as it should be” This misconception shows that ALJCI disagree with the notion of actually funding for its own CSR ‘s projects, which are based on self-regeneration by other companies and external participation. There is clear lack of transparency of the company financial direct involvements comparing to revenue figures for the last 50 years or more in Saudi Arabia.

<b>International Medical Centre (IMC)</b>	2011 = 2012	IMC CSR Initiatives Ethics and Value for all organization business activities. Social care via Health Education and Disease prevention Corporate citizenship with Saudi society on Health and care agenda only. Joint Philanthropic treatment project within IMC.	CSR Vision : Be a role model for other health care organization in Saudi Arabia. Five Elements of health care. And so on. Be a corporate citizen for Saudi society in regards to Health care. Please send me your remarks on the above.
<b>King Khalid Foundation</b>	Saudi National competitiveness Index founder	National Saudi Developments Social developments	Lack of transparency Secrecy National development
<b>DSFH CSR</b>	2008 to 2012	Stakeholders expectation, TQM, Environmental impact , social development and care	Based on sustainability principles rather than CSR . their CSR activities are limited to their sustainability strategies only profit maximization and efficiency
<b>SABIC</b>	2008 to 2012	Area of endogenous CSR characteristics are more concern with Environmental protection and Global expectation and international petroleum regulation and requirements by UN and other specific international agreements. hence it is Saudi Governments owns companies ,	SABIC is large Multinational Saudi petroleum company operating in four continents , It is not just based in Saudi only Global Expectation plays an important part of its CSR activities . SABIC is seeking Sustainability rather than CSR there are little evidence of its CSR basic operation in Saudi Arabia
<b>ZAHID GROUP</b>		have well established CSR vision They can be described as embedding corporate citizenship CSR principle and not Islamic philanthropy National developments and global interaction.	they are considering themselves as sharing and caring for the society and the environments in the area they are operating in.  This indicates only sustainability concepts for both the organization and its workforce, Targeting profitability and

			business excellency only indicates sustainability and nothing to deal with CSR
Majid Society	2009	Social and National developments	Non-profit organization specialised in providing philanthropic project in the area of Jeddah provision of Social Care
Saudi Aramco	2011 Corporate Citizenship Report	Corporate citizenship and social development	Large petroleum National Saudi company
Saudi Investment Bank	2011 -2012	National competitiveness Stakeholder expectations	Sustainability strategy approaches

### A5-3: Case Studies For 75 Saudi Stock Market Companies

#### Saudi Stock Market CSR implication Data Analysis Company Number 1

Name of Company	Web site Address:
Riyad Bank	www.riyadbank.com
Saudi CSR Islamic Philanthropy Evidence	<p>Ramadan Charity convoys Charity Support Programs ===Visiting patient children in hospitals</p> <p>The bank has launched a wide range of initiatives to support the development of charities, such as providing treatment and rehabilitation programs for people with special needs, establishing school classes and providing Braille clocks for the blind</p>
Saudi CSR National competitiveness	to crystallize the sense of belonging and loyalty to the nation and its people.
Saudi Corporate Citizenship	to crystallize the sense of belonging and loyalty to the nation and its people.
Social Obligation	<p>contributes to the social service based on sponsoring promising programs of public interest, and supporting people to help themselves support the Saudi culture and families who earn their living ... such as handicrafts as part of our corporate social responsibility policy</p> <p>====Wafaa program for deceased families</p> <p>A humanitarian initiative designed to support deceased former employee families of the bank and provide a decent life for them. The initiative was launched by the bank in 2005 based on the concept of social solidarity and to strengthen the values of belonging and loyalty.=====Distribution of medical devices==Breast Cancer Awareness Campaign</p>
Saudi National Economic Development	Participation in national and economic events
Global Enviornments Expectation	<p>Enviornmental protoection Concreted steps made by the bank to activate its contributions to the preservation of the environment and raise awareness of its importance. The Bank's efforts in this area included the adoption of a campaign for cleaning the shores of Jeddah from residues and waste and supported the</p>

	campaign for cleaning the Island of "Jareed" in the Eastern Province
Corporate Strategy National CSR Strategy	
CSR Policy	<a href="https://www.riyadbank.com/en/about-us/corporate-social-responsibility">https://www.riyadbank.com/en/about-us/corporate-social-responsibility</a>
Corporate Governance	
Vision Mission	Social obligation followed by Corporate social citizenship , contribution back to soicitey , loyalty to nation and its people.
ISO26000 GRI Compliance	
ISO26000 GRI	
Others Observation	

#### Saudi Stock Market CSR implication Data Analysis Company Number 2

Name of Company	Web site Address:
Bank AlJazira	<a href="http://www.baj.com.sa">www.baj.com.sa</a>
Saudi CSR Islamic Philanthropy Evidence	
Saudi CSR National competitiveness	
Saudi Corporate Citizenship	
Social Obligation	
Saudi National Economic Development	Enhancing the talents of the Saudi nationals through a comprehensive system of non-profit programs and activities, in order to achieve a tangible positive effect and sustainable change in the life of Saudi citizens.
Global Enviornments Expectation	
Corporate Strategy National CSR Strategy	
CSR Policy	
Corporate Governance	
Vision Mission	promot Economic social development, thus youth training and emplyoments devleopment , and Islamic philanthorpic projects.
ISO26000 GRI Compliance	
ISO26000 GRI	

Others Observation	

#### Saudi Stock Market CSR implication Data Analysis Company Number 3

Name of Company	Web site Address:
The Saudi Investment Bank	www.saib.com.sa
Saudi CSR Islamic Philanthropy Evidence	
Saudi CSR National competitiveness	
Saudi Corporate Citizenship	
Social Obligation	
Saudi National Economic Development	
Global Enviornments Expectation	
Corporate Strategy National CSR Strategy	
CSR Policy	
Corporate Governance	
Vision Mission	transcribe their basic activities within the views and the translation of ISO26000 and GRI reporting paramaters. Sustainiblity policy based on deeply rooted islamic coporate citizenship principles
ISO26000 GRI Compliance	To measure progress as per the Corporate Sustainability Report (CSR) for transparency, accountability and to ensure all relevant departments participate in the development per GRI G3 Guidelines, along with development of CSR strategy and policy based on ISO 26000 CSR standard.
ISO26000 GRI	yes
Others Observation	

#### Saudi Stock Market CSR implication Data Analysis Company Number 4

Name of Company	Web site Address:
Saudi Hollandi Bank	www.shb.com.sa
Saudi CSR Islamic Philanthropy Evidence	
Saudi CSR National competitiveness	
Saudi Corporate Citizenship	
Social Obligation	meeting up social needs and promoting family with low income and other social services needs.
Saudi National Economic Development	
Global Enviornments Expectation	
Corporate Strategy National CSR Strategy	
CSR Policy	
Corporate Governance	
Vision Mission	
ISO26000 GRI Compliance	
ISO26000 GRI	
Others Observation	

#### Saudi Stock Market CSR implication Data Analysis Company Number 5

Name of Company	Web site Address:
Banque Saudi Fransi	www.alfransi.com.sa
Saudi CSR Islamic Philanthropy Evidence	
Saudi CSR National competitiveness	
Saudi Corporate Citizenship	
Social Obligation	promoting social development
Saudi National Economic Development	
Global Enviornments Expectation	
Corporate Strategy National CSR Strategy	
CSR Policy	
Corporate Governance	
Vision Mission	

ISO26000 GRI Compliance	
ISO26000 GRI	
Others Observation	

Saudi Stock Market CSR implication Data Analysis Company Number 6

Name of Company	Web site Address:
The Saudi British Bank	www.sabb.com
Saudi CSR Islamic Philanthropy Evidence	
Saudi CSR National competitiveness	Full compliance with corporate citizenship
Saudi Corporate Citizenship	Full compliance with corporate citizenship
Social Obligation	MBA programme Academic scholarship, special needs research, Autism, disability research.
Saudi National Economic Development	
Global Enviornments Expectation	Enviornmental protoection Global
Corporate Strategy National CSR Strategy	
CSR Policy	
Corporate Governance	
Vision Mission	
ISO26000 GRI Compliance	
ISO26000 GRI	
Others Observation	

Saudi Stock Market CSR implication Data Analysis Company Number 7

Name of Company	Web site Address:
Arab National Bank	www.anb.com.sa
Saudi CSR Islamic Philanthropy Evidence	charitable contribution
Saudi CSR National competitiveness	



Saudi Corporate Citizenship	
Social Obligation	social obligation
Saudi National Economic Development	
Global Enviornments Expectation	
Corporate Strategy National CSR Strategy	
CSR Policy	
Corporate Governance	
Vision Mission	
ISO26000 GRI Compliance	
ISO26000 GRI	
Others Observation	

Saudi Stock Market CSR implication Data Analysis Company Number 8

Name of Company	Web site Address:
Samba Financial Group	www.samba.com
Saudi CSR Islamic Philanthropy Evidence	
Saudi CSR National competitiveness	yes
Saudi Corporate Citizenship	yes
Social Obligation	
Saudi National Economic Development	yes
Global Enviornments Expectation	
Corporate Strategy National CSR Strategy	
CSR Policy	
Corporate Governance	
Vision Mission	
ISO26000 GRI Compliance	
ISO26000 GRI	
Others Observation	

Saudi Stock Market CSR implication Data Analysis Company Number 9

Name of Company	Web site Address:
Al Rajhi Bank	www.alrajhibank.com.sa
Saudi CSR Islamic Philanthropy Evidence	yes
Saudi CSR National competitiveness	yes
Saudi Corporate Citizenship	yes
Social Obligation	yes
Saudi National Economic Development	yes
Global Enviornments Expectation	
Corporate Strategy National CSR Strategy	
CSR Policy	
Corporate Governance	
Vision Mission	
ISO26000 GRI Compliance	
ISO26000 GRI	
Others Observation	

#### Saudi Stock Market CSR implication Data Analysis Company Number 10

Name of Company	Web site Address:
BANK ALBILAD	www.bankalbilad.com
Saudi CSR Islamic Philanthropy Evidence	
Saudi CSR National competitiveness	
Saudi Corporate Citizenship	
Social Obligation	
Saudi National Economic Development	
Global Enviornments Expectation	
Corporate Strategy National CSR Strategy	
CSR Policy	
Corporate Governance	
Vision Mission	ambiguous , purely ethical no islamic philanthropy no evidence of other CSR participation , no CSR reports.
ISO26000 GRI Compliance	

ISO26000 GRI	
Others Observation	

Saudi Stock Market CSR implication Data Analysis Company Number 11

Name of Company	Web site Address:
Alinma Bank	www.alinma.com
Saudi CSR Islamic Philanthropy Evidence	yes
Saudi CSR National competitiveness	yes
Saudi Corporate Citizenship	yes
Social Obligation	yes
Saudi National Economic Development	yes
Global Enviornments Expectation	
Corporate Strategy National CSR Strategy	
CSR Policy	
Corporate Governance	
Vision Mission	
ISO26000 GRI Compliance	
ISO26000 GRI	
Others Observation	

Saudi Stock Market CSR implication Data Analysis Company Number 12

Name of Company	Web site Address:
National Commercial Bank	www.alahli.com
Saudi CSR Islamic Philanthropy Evidence	yes
Saudi CSR National competitiveness	yes
Saudi Corporate Citizenship	yes
Social Obligation	yes

Saudi National Economic Development	yes
Global Enviornments Expectation	
Corporate Strategy National CSR Strategy	yes
CSR Policy	
Corporate Governance	
Vision Mission	
ISO26000 GRI Compliance	yes
ISO26000 GRI	yes
Others Observation	

Saudi Stock Market CSR implication Data Analysis Company Number 13

Name of Company	Web site Address:
Takween Advanced Industries	takweenai.com
Saudi CSR Islamic Philanthropy Evidence	yes
Saudi CSR National competitiveness	
Saudi Corporate Citizenship	
Social Obligation	yes
Saudi National Economic Development	
Global Enviornments Expectation	yes
Corporate Strategy National CSR Strategy	
CSR Policy	
Corporate Governance	yes
Vision Mission	
ISO26000 GRI Compliance	
ISO26000 GRI	
Others Observation	

Saudi Stock Market CSR implication Data Analysis Company Number 14

Name of Company	Web site Address:
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Basic Chemical Industries Co	www.bci.com.sa
Saudi CSR Islamic Philanthropy Evidence	
Saudi CSR National competitiveness	
Saudi Corporate Citizenship	
Social Obligation	
Saudi National Economic Development	
Global Enviornments Expectation	
Corporate Strategy National CSR Strategy	
CSR Policy	
Corporate Governance	
Vision Mission	
ISO26000 GRI Compliance	
ISO26000 GRI	
Others Observation	

#### Saudi Stock Market CSR implication Data Analysis Company Number 15

Name of Company	Web site Address:
Saudi Arabian Mining Company	www.maaden.com.sa
Saudi CSR Islamic Philanthropy Evidence	
Saudi CSR National competitiveness	
Saudi Corporate Citizenship	
Social Obligation	
Saudi National Economic Development	
Global Enviornments Expectation	
Corporate Strategy National CSR Strategy	
CSR Policy	
Corporate Governance	
Vision Mission	
ISO26000 GRI Compliance	
ISO26000 GRI	
Others Observation	

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# Saudi Stock Market CSR implication Data Analysis Company Number 16

Name of Company	Web site Address:
Astra Industrial Group	www.astraindustries.com.sa
Saudi CSR Islamic Philanthropy Evidence	
Saudi CSR National competitiveness	
Saudi Corporate Citizenship	
Social Obligation	
Saudi National Economic Development	
Global Enviornments Expectation	
Corporate Strategy National CSR Strategy	
CSR Policy	
Corporate Governance	
Vision Mission	
ISO26000 GRI Compliance	
ISO26000 GRI	
Others Observation	AIG recognizes that the concept of sustainability affects the progress of the society as a whole. As a result, AIG has adopted a corporate sustainability business approach which realizes long term customer and employee value by taking into account every dimension of our business operations in a social, cultural and economic environment in the long term. We are committed to building a group that promotes longevity by engaging in transparency and developing employees.

# Saudi Stock Market CSR implication Data Analysis Company Number 17

Name of Company	Web site Address:
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Al Sorayai Trading And Industrial Group Company	www.al-sorayai.com
Saudi CSR Islamic Philanthropy Evidence	yes
Saudi CSR National competitiveness	
Saudi Corporate Citizenship	
Social Obligation	yes
Saudi National Economic Development	yes
Global Enviornments Expectation	yes
Corporate Strategy National CSR Strategy	
CSR Policy	
Corporate Governance	
Vision Mission	
ISO26000 GRI Compliance	
ISO26000 GRI	
Others Observation	

Saudi Stock Market CSR implication Data Analysis Company Number 18

Name of Company	Web site Address:
Al Hassan Ghazi Ibrahim Shaker	www.shaker.com.sa
Saudi CSR Islamic Philanthropy Evidence	yes
Saudi CSR National competitiveness	
Saudi Corporate Citizenship	
Social Obligation	
Saudi National Economic Development	yes
Global Enviornments Expectation	yes
Corporate Strategy National CSR Strategy	
CSR Policy	yes
Corporate Governance	
Vision Mission	
ISO26000 GRI Compliance	
ISO26000 GRI	
Others Observation	


#### Saudi Stock Market CSR implication Data Analysis Company Number 19

Name of Company	Web site Address:
United Wire Factories Company	www.unitedwires.com.sa
Saudi CSR Islamic Philanthropy Evidence	yes
Saudi CSR National competitiveness	yes
Saudi Corporate Citizenship	yes
Social Obligation	
Saudi National Economic Development	
Global Enviornments Expectation	yes
Corporate Strategy National CSR Strategy	yes
CSR Policy	
Corporate Governance	yes
Vision Mission	
ISO26000 GRI Compliance	
ISO26000 GRI	
Others Observation	

#### Saudi Stock Market CSR implication Data Analysis Company Number 20

Name of Company	Web site Address:
Bawan Company	www.bawan.com.sa
Saudi CSR Islamic Philanthropy Evidence	
Saudi CSR National competitiveness	
Saudi Corporate Citizenship	
Social Obligation	
Saudi National Economic Development	
Global Enviornments Expectation	



Corporate Strategy National CSR Strategy	
CSR Policy	
Corporate Governance	
Vision Mission	
ISO26000 GRI Compliance	
ISO26000 GRI	
Others Observation	

Saudi Stock Market CSR implication Data Analysis Company Number 21

Name of Company	Web site Address:
Electrical Industries Company	www.eic.com.sa
Saudi CSR Islamic Philanthropy Evidence	
Saudi CSR National competitiveness	
Saudi Corporate Citizenship	
Social Obligation	
Saudi National Economic Development	
Global Enviornments Expectation	
Corporate Strategy National CSR Strategy	
CSR Policy	
Corporate Governance	yes
Vision Mission	
ISO26000 GRI Compliance	
ISO26000 GRI	
Others Observation	CSR is embeded in Corporate governance policy , identifying social socities as part of stakeholder of company.

Saudi Stock Market CSR implication Data Analysis Company Number 22

Name of Company	Web site Address:
Mohammad Al Mojil Group Company	www.almojilgroup.com
Saudi CSR Islamic Philanthropy Evidence	

Saudi CSR National competitiveness	yes
Saudi Corporate Citizenship	yes
Social Obligation	yes
Saudi National Economic Development	yes
Global Enviornments Expectation	
Corporate Strategy National CSR Strategy	
CSR Policy	
Corporate Governance	yes
Vision Mission	
ISO26000 GRI Compliance	
ISO26000 GRI	
Others Observation	<p>We live our Corporate Value and through them we commit ourselves toSatisfy customers' needs and exceeding their expectations Undertake projects and execute them at a competitive price and ensure their reliability and durability. Participate in the national building process, thus, building a platform that will support a long-term growth strategy to extend our products and services beyond hydrocarbon and petrochemical projects. Establish a successful business that adds value for stakeholders Provide a working environment that will attract and retain the professional talent and skills that business needs Demonstrate good corporate citizenship and give back to the community through social development work. No CSR policy are found on Web , Contained in corporate values contained on web sites. Supporting both Stakholder therory Fudisry objective of enhancing sharholders wealth, and also supports corporate citizenship of being responsible positive number of soiceties and participate in Naitonal developments. Hence recognises ther term soical responsibility and net yet CSR</p>

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# Saudi Stock Market CSR implication Data Analysis Company Number 23

Name of Company	Web site Address:
Saudi Steel Pipe Company	www.sspipe.com
Saudi CSR Islamic Philanthropy Evidence	
Saudi CSR National competitiveness	
Saudi Corporate Citizenship	
Social Obligation	yes
Saudi National Economic Development	
Global Enviornments Expectation	yes
Corporate Strategy National CSR Strategy	
CSR Policy	
Corporate Governance	
Vision Mission	
ISO26000 GRI Compliance	
ISO26000 GRI	
Others Observation	We will meet our customers' expectations and achieve high standards in production, safety, and quality, through investing in state of the art technology, the development of our human capital and our commitment to a positive working environment.

# Saudi Stock Market CSR implication Data Analysis Company Number 24

Name of Company	Web site Address:
Abdullah A. M. Al-Khodari Sons Company	www.alkhodari.com
Saudi CSR Islamic Philanthropy Evidence	yes
Saudi CSR National competitiveness	

Saudi Corporate Citizenship	
Social Obligation	
Saudi National Economic Development	
Global Enviornments Expectation	
Corporate Strategy National CSR Strategy	
CSR Policy	
Corporate Governance	
Vision Mission	
ISO26000 GRI Compliance	
ISO26000 GRI	
Others Observation	

Saudi Stock Market CSR implication Data Analysis Company Number 25

Name of Company	Web site Address:
ALTAYYAR TRAVEL GROUP	www.altayyargroup.com
Saudi CSR Islamic Philanthropy Evidence	yes
Saudi CSR National competitiveness	
Saudi Corporate Citizenship	
Social Obligation	yes
Saudi National Economic Development	
Global Enviornments Expectation	
Corporate Strategy National CSR Strategy	yes
CSR Policy	
Corporate Governance	yes
Vision Mission	
ISO26000 GRI Compliance	
ISO26000 GRI	
Others Observation	New published Saudi company , transoformed form private ownership recently, ATG support social Charitable , Helath Care, Special needs, poverty alivation , Art and heritage , support many charities for supporting Families and sepical needs.

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# Saudi Stock Market CSR implication Data Analysis Company Number 26

Name of Company	Web site Address:
Abdulmohsen Alhokair group for Tourism and Development Co	www.alhokair.com
Saudi CSR Islamic Philanthropy Evidence	yes
Saudi CSR National competitiveness	
Saudi Corporate Citizenship	
Social Obligation	
Saudi National Economic Development	
Global Enviornments Expectation	
Corporate Strategy National CSR Strategy	
CSR Policy	
Corporate Governance	
Vision Mission	
ISO26000 GRI Compliance	
ISO26000 GRI	
Others Observation	Maximize Shareholder Value Empower and Develop Talents but no evidence of policy and behaiavour. Company have been running for 50 years and it has embraced the concept of Charitable donation and Islamic philanthropy. Serve Customers Reliably Be Socially Responsible Maintain Operational Excellence

# Saudi Stock Market CSR implication Data Analysis Company Number 27

Name of Company	Web site Address:
Methanol Chemicals Company	www.chemanol.com
Saudi CSR Islamic Philanthropy Evidence	

Saudi CSR National competitiveness	
Saudi Corporate Citizenship	
Social Obligation	
Saudi National Economic Development	
Global Enviornments Expectation	yes
Corporate Strategy National CSR Strategy	
CSR Policy	
Corporate Governance	yes
Vision Mission	
ISO26000 GRI Compliance	
ISO26000 GRI	
Others Observation	

Saudi Stock Market CSR implication Data Analysis Company Number 28

Name of Company	Web site Address:
National Petrochemical Company	www.petrochem.com.sa
Saudi CSR Islamic Philanthropy Evidence	
Saudi CSR National competitiveness	
Saudi Corporate Citizenship	
Social Obligation	
Saudi National Economic Development	
Global Enviornments Expectation	
Corporate Strategy National CSR Strategy	
CSR Policy	
Corporate Governance	
Vision Mission	
ISO26000 GRI Compliance	
ISO26000 GRI	
Others Observation	

Saudi Stock Market CSR implication Data Analysis Company Number 29

Name of Company	Web site Address:
Saudi Basic Industries Corp	www.sabic.com
Saudi CSR Islamic Philanthropy Evidence	
Saudi CSR National competitiveness	
Saudi Corporate Citizenship	
Social Obligation	
Saudi National Economic Development	
Global Enviornments Expectation	
Corporate Strategy National CSR Strategy	
CSR Policy	
Corporate Governance	yes
Vision Mission	Sustainablity based , Natural Capital, Financial Capital , Human Capital and Social capital == somewhat ambiguous and does not reach Saudi Social needs and obligation 2012 core sustainability Report was towards creating economic value, enviironmenta, human and soical value. 40,000 employees in 45 ountries.
ISO26000 GRI Compliance	
ISO26000 GRI	yes
Others Observation	

#### Saudi Stock Market CSR implication Data Analysis Company Number 30

Name of Company	Web site Address:
Saudi Arabia Fertilizers Co.	www.safco.com.sa
Saudi CSR Islamic Philanthropy Evidence	
Saudi CSR National competitiveness	
Saudi Corporate Citizenship	

Social Obligation	
Saudi National Economic Development	
Global Enviornments Expectation	
Corporate Strategy National CSR Strategy	
CSR Policy	
Corporate Governance	
Vision Mission	
ISO26000 GRI Compliance	
ISO26000 GRI	
Others Observation	

Saudi Stock Market CSR implication Data Analysis Company Number 31

Name of Company	Web site Address:
Saudi Arabia Refineries Co.	www.almasafe.com
Saudi CSR Islamic Philanthropy Evidence	
Saudi CSR National competitiveness	
Saudi Corporate Citizenship	
Social Obligation	
Saudi National Economic Development	
Global Enviornments Expectation	
Corporate Strategy National CSR Strategy	
CSR Policy	
Corporate Governance	
Vision Mission	
ISO26000 GRI Compliance	
ISO26000 GRI	
Others Observation	

Saudi Stock Market CSR implication Data Analysis Company Number 32

Name of Company	Web site Address:
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Saudi Ceramic Co.	www.saudiceramics.com
Saudi CSR Islamic Philanthropy Evidence	
Saudi CSR National competitiveness	
Saudi Corporate Citizenship	
Social Obligation	
Saudi National Economic Development	
Global Enviornments Expectation	
Corporate Strategy National CSR Strategy	
CSR Policy	
Corporate Governance	
Vision Mission	<p>One of the most important social issues that Saudi Ceramic Company is undertaking is the Saudization of its workforce. This program aims at attracting and hiring Saudi talents, thereby offering them better careers and prospects, with the cooperation of various government institutions such as the Saudi Ministry of Labor and Human Resources Development Fund. The company also plays an effective role in supporting local communities and local charitable organizations. Moreover, Saudi Ceramic Company is involved in water conservation initiatives by producing water-saving toilets. A study found that water-saving toilets consume from 3 to 6 liters of water per flush. It means that, if all the toilets in Saudi Arabia were replaced with the new water-saving toilets, the saved quantity of water in Saudi Arabia would amount to 300 million cubic meters every year. This amount is equivalent to what is produced annually by Al-Jubail Desalination Plant, which is the largest saline water conversion plant in the world. Therefore, Saudi Ceramic Company has intensified its efforts to produce more water- saving toilets by modifying the design of all of its products to match the new water-saving standard.</p>

ISO26000 GRI Compliance	
ISO26000 GRI	
Others Observation	

Saudi Stock Market CSR implication Data Analysis Company Number 33

Name of Company	Web site Address:
Savola Group	www.savola.com
Saudi CSR Islamic Philanthropy Evidence	yes
Saudi CSR National competitiveness	yes
Saudi Corporate Citizenship	yes
Social Obligation	yes
Saudi National Economic Development	yes
Global Enviornments Expectation	
Corporate Strategy National CSR Strategy	yes
CSR Policy	yes
Corporate Governance	
Vision Mission	2004 published their own Corporate Governance Guidline. 2007 produced fiest report on CG and CSR for the Savola Grp.The are using GRI reporting guidline. 2011 published GRI report Sustainability. The Savola Group honors its commitment to corporate citizenship by creating innovative, long-term "self-help" programs where The Group's experience and expertise serve the needs of the community.
ISO26000 GRI Compliance	yes
ISO26000 GRI	yes
Others Observation	

Saudi Stock Market CSR implication Data Analysis Company Number 34

Name of Company	Web site Address:
National Industrialization Co	www.tasnee.com
Saudi CSR Islamic Philanthropy Evidence	YES
Saudi CSR National competitiveness	YES
Saudi Corporate Citizenship	YES
Social Obligation	YES
Saudi National Economic Development	YES
Global Enviornments Expectation	YES
Corporate Strategy National CSR Strategy	YES
CSR Policy	YES
Corporate Governance	NO
Vision Mission	Enhancing its role as a leading industrial company and as one of the rising pillars of the Saudi economy, and with an understanding that it has an active role to play in local as well as in international arena, TASNEE contributes to activating the social responsibilities by organizing and supporting social services programs. In addition to its humanitarian role by supporting more than 200 charitable organizations throughout the Kingdom continuously since 2005, TASNEE sponsored small enterprises and participated in establishing business incubators, as well as the other charitable works of social services.
ISO26000 GRI Compliance	NO
ISO26000 GRI	NO
Others Observation	Produced their own CSR in ARBIC not registered with GRI

Saudi Stock Market CSR implication Data Analysis Company Number 35

Name of Company	Web site Address:
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Saudi Pharmaceutical Indust.and Med. Appliances Corp.	www.spimaco.com.sa
Saudi CSR Islamic Philanthropy Evidence	yes
Saudi CSR National competitiveness	
Saudi Corporate Citizenship	
Social Obligation	YES
Saudi National Economic Development	
Global Enviornments Expectation	
Corporate Strategy National CSR Strategy	
CSR Policy	
Corporate Governance	
Vision Mission	Spimaco Addwaeih believes that it has a social and humanitarian responsibility and that it exceeds its activities from manufacturing, business and achieving profits to having social duties according to modern concepts. The company presents a lot of contributions in kind in the form of medicines and other cash contributions to some social centers and charitable organizations. The company also introduces humanitarian aids to brotherly and friendly countries which face natural disasters. SPIMACO also contributes in supporting and rehabilitation of young Saudis who want to work, either through making agreements with the Human Resources Development Fund or the provision of scholarships and on – job training. The Company supports and sponsors many conferences and educative campaigns in different regions of the Kingdom.
ISO26000 GRI Compliance	
ISO26000 GRI	
Others Observation	

Saudi Stock Market CSR implication Data Analysis Company Number 36

Name of Company	Web site Address:
National Gas and Industrialization Co.	www.gasco.com.sa
Saudi CSR Islamic Philanthropy Evidence	
Saudi CSR National competitiveness	
Saudi Corporate Citizenship	
Social Obligation	
Saudi National Economic Development	
Global Enviornments Expectation	
Corporate Strategy National CSR Strategy	
CSR Policy	
Corporate Governance	
Vision Mission	The gypsum industry was introduced in the kingdom in the beginning of the real estate boom in 1967, in cooperation with the biggest international specialized companies from Italy, Switzerland. In order to cope up with the real estate boom in the kingdom, which had the biggest effect on adding a touch of beauty to the palaces, the villas and the buildings in general
ISO26000 GRI Compliance	
ISO26000 GRI	
Others Observation	

#### Saudi Stock Market CSR implication Data Analysis Company Number 37

Name of Company	Web site Address:
National Gypsum Company	www.gypsco.com.sa
Saudi CSR Islamic Philanthropy Evidence	
Saudi CSR National competitiveness	

Saudi Corporate Citizenship	
Social Obligation	
Saudi National Economic Development	
Global Enviornments Expectation	
Corporate Strategy National CSR Strategy	
CSR Policy	
Corporate Governance	
Vision Mission	
ISO26000 GRI Compliance	
ISO26000 GRI	
Others Observation	

#### Saudi Stock Market CSR implication Data Analysis Company Number 38

Name of Company	Web site Address:
WAFRAH FOR INDUSTRY AND DEVELOPMENT	<a href="http://www.wafrah.com">www.wafrah.com</a>
Saudi CSR Islamic Philanthropy Evidence	
Saudi CSR National competitiveness	
Saudi Corporate Citizenship	
Social Obligation	
Saudi National Economic Development	
Global Enviornments Expectation	
Corporate Strategy National CSR Strategy	
CSR Policy	
Corporate Governance	
Vision Mission	Efficiency: Workers performance to be efficient and professional in all stages of administrative process with focusing on performance with high efficiency in marketing , distribution , sales and process with focusing on performance with high efficiency in marketing , distribution , sales and process with focusing on

	performance with high efficiency in marketing , distribution , sales andQuality: Focusing on product quality being looked at by workers and customers as high quality withinternational specifications and standards. Reputation: Focusing on the company reputation in all aspect, so that the customer and consumer
ISO26000 GRI Compliance	
ISO26000 GRI	
Others Observation	

#### Saudi Stock Market CSR implication Data Analysis Company Number 39

Name of Company	Web site Address:
Saudi Cable Company	www.saudicable.com
Saudi CSR Islamic Philanthropy Evidence	
Saudi CSR National competitiveness	
Saudi Corporate Citizenship	
Social Obligation	
Saudi National Economic Development	
Global Enviornments Expectation	
Corporate Strategy National CSR Strategy	
CSR Policy	
Corporate Governance	
Vision Mission	
ISO26000 GRI Compliance	
ISO26000 GRI	
Others Observation	

#### Saudi Stock Market CSR implication Data Analysis Company Number 40

Name of Company	Web site Address:
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Saudi Advanced Industries Co.	www.saic.com.sa
Saudi CSR Islamic Philanthropy Evidence	
Saudi CSR National competitiveness	
Saudi Corporate Citizenship	
Social Obligation	
Saudi National Economic Development	
Global Enviornments Expectation	
Corporate Strategy National CSR Strategy	
CSR Policy	
Corporate Governance	
Vision Mission	Mission Increase the company's revenue and insure of operation activity, develop organized structure and the methods for finance. The aim of establishing the company is to help the private sector to participate in the industrial's development in the Kingdom
ISO26000 GRI Compliance	
ISO26000 GRI	
Others Observation	

#### Saudi Stock Market CSR implication Data Analysis Company Number 41

Name of Company	Web site Address:
Saudi Industrial Development Co.	www.sidc.com.sa
Saudi CSR Islamic Philanthropy Evidence	
Saudi CSR National competitiveness	
Saudi Corporate Citizenship	
Social Obligation	
Saudi National Economic Development	
Global Enviornments Expectation	
Corporate Strategy National CSR Strategy	



CSR Policy	
Corporate Governance	YES
Vision Mission	Development of Social service contribution and environments protection, National Economic development and social obligation . Corporate citizenship . No signs of published reports.
ISO26000 GRI Compliance	
ISO26000 GRI	
Others Observation	Web site in Arabic only , no English language is produced . Corporate Governance Report issued for the 2nd time during 2013

Saudi Stock Market CSR implication Data Analysis Company Number 42

Name of Company	Web site Address:
Al-Ahsa Development Co.	www.ahsa-dev.com.sa
Saudi CSR Islamic Philanthropy Evidence	
Saudi CSR National competitiveness	yes
Saudi Corporate Citizenship	yes
Social Obligation	yes
Saudi National Economic Development	yes
Global Environments Expectation	
Corporate Strategy National CSR Strategy	
CSR Policy	
Corporate Governance	yes
Vision Mission	Vision We seek, by means of our investments, to make a significant contribution to enhance and raise the standard of living for individuals in our society through creating an innovative culture for both our employees and partners in the region. Community development is a skilled process and part of its approach. Hence, Al-Ahsa

	Development believes that communities cannot be helped unless they themselves agree to this process.
ISO26000 GRI Compliance	
ISO26000 GRI	
Others Observation	

Saudi Stock Market CSR implication Data Analysis Company Number 43

Name of Company	Web site Address:
The National Co. for Glass Industries	www.zoujaj-glass.com
Saudi CSR Islamic Philanthropy Evidence	
Saudi CSR National competitiveness	
Saudi Corporate Citizenship	
Social Obligation	
Saudi National Economic Development	
Global Enviornments Expectation	
Corporate Strategy National CSR Strategy	
CSR Policy	
Corporate Governance	
Vision Mission	Vision : To acively participate in a global effort where all people will have access to clean and drinkable water supplied through sustainable,social and evironmental solutions.
ISO26000 GRI Compliance	
ISO26000 GRI	
Others Observation	

Saudi Stock Market CSR implication Data Analysis Company Number 44

Name of Company	Web site Address:
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Saudi Arabian Amiantit Co.	www.amiantit.com
Saudi CSR Islamic Philanthropy Evidence	
Saudi CSR National competitiveness	
Saudi Corporate Citizenship	
Social Obligation	
Saudi National Economic Development	
Global Enviornments Expectation	
Corporate Strategy National CSR Strategy	
CSR Policy	
Corporate Governance	
Vision Mission	<p>Vision :To actively participate in a global effort where all peoples would have access to clean and drinkable water supplied through sustainable social and environmental solutions.</p> <p>Commitment</p> <p>To maintain the highest ethical standards in all our business practices.</p> <p>To provide a safe working environment for all our employees.</p> <p>To develop our program of corporate social responsibility in respect of the communities in which we live and work.</p> <p>To respect and protect the environment.</p> <p>To fulfil the expectations of our shareholders.</p>
ISO26000 GRI Compliance	
ISO26000 GRI	
Others Observation	

Saudi Stock Market CSR implication Data Analysis Company Number 45

Name of Company	Web site Address:
Alujain Corporation	www.alujaincorp.com

Saudi CSR Islamic Philanthropy Evidence	
Saudi CSR National competitiveness	
Saudi Corporate Citizenship	
Social Obligation	
Saudi National Economic Development	
Global Enviornments Expectation	
Corporate Strategy National CSR Strategy	
CSR Policy	
Corporate Governance	
Vision Mission	No Vision found only Mission states: To be an innovative, dynamic and key petrochemicals, energy, mining and metals project development company in Saudi Arabia and globally, creating solutions essential to a better, safer and healthier life and creating sustainable shareholder value.
ISO26000 GRI Compliance	
ISO26000 GRI	
Others Observation	

#### Saudi Stock Market CSR implication Data Analysis Company Number 46

Name of Company	Web site Address:
Filing and Packing Materials Manufacturing Co.	www.fipco.com.sa
Saudi CSR Islamic Philanthropy Evidence	
Saudi CSR National competitiveness	
Saudi Corporate Citizenship	
Social Obligation	
Saudi National Economic Development	
Global Enviornments Expectation	YES
Corporate Strategy National CSR Strategy	
CSR Policy	
Corporate Governance	

Vision Mission	To position ourselves for solid growth within the down stream of National Industries to expand our local and global presence through manufacturing and marketing efficiency, mastery of key process as a major player in packaging industries arena. All in harmony with environmental goals of globe we all share
ISO26000 GRI Compliance	
ISO26000 GRI	
Others Observation	no Signs of CSR policy

#### Saudi Stock Market CSR implication Data Analysis Company Number 47

Name of Company	Web site Address:
Saudi Industrial Services Co.	www.sisco.com.sa
Saudi CSR Islamic Philanthropy Evidence	
Saudi CSR National competitiveness	
Saudi Corporate Citizenship	
Social Obligation	
Saudi National Economic Development	YES
Global Enviornments Expectation	
Corporate Strategy National CSR Strategy	
CSR Policy	
Corporate Governance	
Vision Mission	Established in 1988 by Saudi Businessmen , Zakat, philonthropic old activties. Our long term vision and broad objectives are to work hand in hand with public and private sectors for the prosperity of our national economy and development of industry, commerce and services == Mission states We help support and develop the national economy by undertaking large-scale capital investment projects that include

	water, energy, sewage, wastewater, IT and communications. We also provide support services to industries with in industrial estates, as well as working closely with the public sector towards developing, operating and promoting in Kingdom of Saudi Arabia and Gulf region ===== SISCO demonstrates the highest standards and efficiency in all aspects of business in order to acquire a leading position in the relevant markets. The company is committed to operating in a healthy work environment that achieves maximum productivity and offers the highest returns for stakeholders.
ISO26000 GRI Compliance	
ISO26000 GRI	
Others Observation	

Saudi Stock Market CSR implication Data Analysis Company Number 48

Name of Company	Web site Address:
Arabian Pipes Company	<a href="http://www.arabian-pipes.com">www.arabian-pipes.com</a>
Saudi CSR Islamic Philanthropy Evidence	
Saudi CSR National competitiveness	
Saudi Corporate Citizenship	
Social Obligation	YES
Saudi National Economic Development	YES
Global Enviornments Expectation	
Corporate Strategy National CSR Strategy	
CSR Policy	
Corporate Governance	
Vision Mission	Vision To be the MENA pioneers in providing quality piping solutions and to partner with our valued clients to meet their needs. =====Mission

	APC applies the highest quality standards and strives to localize latest piping solutions technologies through our most valuable asset: Human Resources.
ISO26000 GRI Compliance	
ISO26000 GRI	
Others Observation	<p>Executive QEHS Policy</p> <p>Our Basic Policy is to meet Customers Expectation. It is the Arabian Pipes Company's aim to provide consistently high quality and reliable Tubular products and related services like testing as per ISO 17025:2005 that meet our Customers' expected quality and satisfaction levels at an economical and most competitive price.=====Our Target is Quality Improvement.</p> <p>Quality is defined as conforming to the requirements of our Customers. Therefore. Quality excellence can be achieve by preventing problems rather than detecting and correcting them after they occur, and by continuously improving the quality of products and services according to the customers' needs and International Standards like ISO 17025:2005.=====Our Basic Policy, for Environmental and OHandS.</p> <p>Arabian Pipes Company aims to prevent, control, minimize, eliminate the pollution, wastes, potential and actual injuries, accidents, risks, ill health that could affect employees and other concerned parties that is arising to its business by identifying and implementing continual improvement activities through setting, review and regular monitoring of QEHS Targets and Objectives. It also complies with all applicable laws and regulations to which the company subscribed.=====QEHS System is a Fundamental Rule of</p>

	<p>APC</p> <p>To enhance these QEHS objectives, and as a fundamental part of the Company's commitment to QEHS, a QEHS System has been established and documented that includes all functions affecting QEHS within the organization that meets the requirements of applicable ISO 9001: 2008. API Spec Q1. ISO 14001: 2004 and OHSAS 18001; 2007 and ISO11EC 17025;2005. The QEHS Policy is communicating to all levels of the APC organization...</p>

#### Saudi Stock Market CSR implication Data Analysis Company Number 49

Name of Company	Web site Address:
Nama Chemicals Co.	<a href="http://www.nama.com.sa">www.nama.com.sa</a>
Saudi CSR Islamic Philanthropy Evidence	
Saudi CSR National competitiveness	YES
Saudi Corporate Citizenship	YES
Social Obligation	YES
Saudi National Economic Development	
Global Enviornments Expectation	
Corporate Strategy National CSR Strategy	
CSR Policy	
Corporate Governance	
Vision Mission	<p>NAMA Chemicals, established in 1992 is a Saudi multicultural joint stock corporation that creates value to the national economy by utilizing local natural resources in its dynamic growth strategy in the chemical and petrochemical businesses.</p> <p>These are exciting and challenging times in the Kingdom of Saudi Arabia, as we move away from an</p>



	<p>oil-dependent economy to a fully diversified industrial base. NAMA is playing an important role in this transition, by following the most rigorous global standards for quality control and process management to produce high quality products that contribute to the safety and the quality of life of millions of people around the world. We are deploying world-class technology in all our production plants and drawing on the finest expertise from around the world to implement best practices and the most exacting international standards for the industry.</p> <p>Acutely aware of our corporate social responsibility, NAMA is actively engaged in enhancing the well-being of its home city, Al Jubail, as well as surrounding communities on the coast of the Arabian Gulf. We are proud of the multicultural diversity among our executives and employees and we believe in training the local workforce to the highest degree of proficiency on the latest, most sophisticated technologies, thus providing well-paid, highly skilled jobs for our employees. We promote dynamic innovation and vigorous economic growth.</p> <p>NAMA is also fully committed to minimizing any adverse environmental impact by using the most advanced production processes in the industry. We feel this is the only responsible path, not only for the benefit of the global community, but to preserve a clean, healthy and beautiful homeland for the people of Saudi Arabia.</p> <p>Together, with our focus on fast delivery of our products, customer service, efficiency and absolute integrity, these practices will assure a prosperous future for NAMA and its</p>
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	<p>employees, shareholders and partners.</p> <p>Our mission is to supply our customers with the highest-quality products and services while maximizing value for all our stakeholders through strategic growth. We insist on meeting the highest international standards in quality control, occupational safety and business practices. We take care of the environment as a core value, using the cleanest, most advanced technology. We maximize our human capital through education and pride ourselves on our integrity.</p> <p>At NAMA, we strive to meet our customers' needs consistently and to offer innovative solutions that enhance their satisfaction. We believe in the value of strategic business alliances. These factors make NAMA a leader in the chemical industry.</p> <p>NAMA employs a diverse group of 15 nationalities from around the globe, creating a rich mix of cultures in the workplace. Saudization of our workforce stands at 52 percent, in line with the target set by the Saudi government. Many of our managers boast more than 30 years of experience in the industry. Our employees have been hand-picked from among the strongest candidates, with a variety of technical specialties. This enthusiastic workforce is committed to quality, dedicated to smooth and efficient teamwork and excited about the future. At NAMA, we aim to make a difference.</p>
ISO26000 GRI Compliance	
ISO26000 GRI	
Others Observation	


#### Saudi Stock Market CSR implication Data Analysis Company Number 50

Name of Company	Web site Address:
National Metal Manufacturing and Casting Co.	www.maadaniyah.com
Saudi CSR Islamic Philanthropy Evidence	
Saudi CSR National competitiveness	
Saudi Corporate Citizenship	
Social Obligation	yes
Saudi National Economic Development	yes
Global Enviornments Expectation	yes
Corporate Strategy National CSR Strategy	
CSR Policy	
Corporate Governance	
Vision Mission	Social development , Training university graduates, internal training , Saudiization, Environmental protection.
ISO26000 GRI Compliance	
ISO26000 GRI	
Others Observation	

#### Saudi Stock Market CSR implication Data Analysis Company Number 51

Name of Company	Web site Address:
Saudi Chemical Company	www.saudichemical.com
Saudi CSR Islamic Philanthropy Evidence	
Saudi CSR National competitiveness	
Saudi Corporate Citizenship	
Social Obligation	

Saudi National Economic Development	
Global Enviornments Expectation	
Corporate Strategy National CSR Strategy	
CSR Policy	
Corporate Governance	
Vision Mission	stakeholders responsibility , sustainiblity of company and soiceity. Transperancy to stakeholders, Abid to Good corporate Governance paracticies. Customers obligation Islamic teaching abiding. Expanding to global maret, Apply good Corporate Governance through out the orgaization actitivites == TQM production. Corporate citizenship towards their Saudi socity ===== Social development , Islamic philonthropy contribution to soical projectes, and chariatable donation to Saudi socity.
ISO26000 GRI Compliance	
ISO26000 GRI	
Others Observation	

#### Saudi Stock Market CSR implication Data Analysis Company Number 52

Name of Company	Web site Address:
Zamil Industrial Investment Co	<a href="http://www.zamilindustrial.com">www.zamilindustrial.com</a>
Saudi CSR Islamic Philanthropy Evidence	YES
Saudi CSR National competitiveness	Yes
Saudi Corporate Citizenship	Yes
Social Obligation	YES
Saudi National Economic Development	YES
Global Enviornments Expectation	YES
Corporate Strategy National CSR Strategy	YES
CSR Policy	YES
Corporate Governance	
Vision Mission	Established in 1989 , private

	ownership turned into listed company . Vision to be winning industrial leader creaating superior values for bsueiness and community. Misson Win market and staheholders's Trust trthrough industrial compentence and mutual prosperity. seek to develop Saudi community. CSR prcent ===== participation with gernerstity for National local community development and prosperity.....including envionmental protection ..... Corporate citizenship.....Social devlelpment.....and enviornments TQM, KKF
ISO26000 GRI Compliance	
ISO26000 GRI	
Others Observation	

#### Saudi Stock Market CSR implication Data Analysis Company Number 53

Name of Company	Web site Address:
Saudi Industrial Investment Group	www.siig.com.sa
Saudi CSR Islamic Philanthropy Evidence	
Saudi CSR National competitiveness	
Saudi Corporate Citizenship	
Social Obligation	
Saudi National Economic Development	
Global Enviornments Expectation	
Corporate Strategy National CSR Strategy	
CSR Policy	
Corporate Governance	
Vision Mission	
ISO26000 GRI Compliance	
ISO26000 GRI	
Others Observation	

Saudi Stock Market CSR implication Data Analysis Company Number 54

Name of Company	Web site Address:
Sahara Petrochemical Co.	www.saharapcc.com
Saudi CSR Islamic Philanthropy Evidence	
Saudi CSR National competitiveness	yes
Saudi Corporate Citizenship	yes
Social Obligation	yes
Saudi National Economic Development	
Global Enviornments Expectation	yes
Corporate Strategy National CSR Strategy	
CSR Policy	yes
Corporate Governance	yes
Vision Mission	<p>To be amongst the world's leaders in promoting petrochemicals and chemical business, utilizing state of the art technologies and building effective strategic alliances and synergies. Responsible Care® is an initiative voluntarily undertaken by many chemical companies worldwide to address public concerns about the manufacture, distribution and use of chemicals. Specific elements vary among the national chemical industry associations, but all have the common theme of making progress toward the vision of no accidents, injuries or harm to the environment.</p> <p>Sahara and It's Affiliates is member in Gulf Petrochemical and Chemical Association (GPCA) which one of its objective is to adopt the responsible care initiative among all members.</p>
ISO26000 GRI Compliance	
ISO26000 GRI	
Others Observation	Responsible CARE 14001:2008 including Health and Safety, envionmental and security (interantional standard global

	regulation early attracted to social responsibility , There is no evidence of current CSR project and since 2008

Saudi Stock Market CSR implication Data Analysis Company Number 55

Name of Company	Web site Address:
Saudia Dairy and Foodstuff .Co	www.sadafco.com
Saudi CSR Islamic Philanthropy Evidence	
Saudi CSR National competitiveness	
Saudi Corporate Citizenship	
Social Obligation	
Saudi National Economic Development	
Global Enviornments Expectation	
Corporate Strategy National CSR Strategy	
CSR Policy	
Corporate Governance	
Vision Mission	
ISO26000 GRI Compliance	
ISO26000 GRI	
Others Observation	NO CSR

Saudi Stock Market CSR implication Data Analysis Company Number 56

Name of Company	Web site Address:
Almarai Company	www.almarai.com
Saudi CSR Islamic Philanthropy Evidence	YES
Saudi CSR National competitiveness	YES

Saudi Corporate Citizenship	YES
Social Obligation	YES
Saudi National Economic Development	YES
Global Enviornments Expectation	YES
Corporate Strategy National CSR Strategy	YES
CSR Policy	YES
Corporate Governance	YES
Vision Mission	<p>Living values. Enriching lives</p> <p>“We believe that it is our duty to make a positive contribution to uplifting the lives of everyone in our society, building opportunities and inspiring hope.”</p> <p>Our commitment to enriching people’s lives goes beyond our core business to embrace the wider community. We believe that if we invest in the communities we operate in, we will all enjoy long-term benefits.</p> <p>As a responsible corporate citizen, we play an active role in supporting social causes through a mix of charitable donations and event sponsorships. Among other areas, our community investment program covers health, science, education and sports.</p> <p>We place a particular emphasis on building links with philanthropic, social and cultural groups that share our support for national values and future development.</p> <p>Our belief in the importance of serving our communities goes to the very top of our organization and our people-first philosophy is enshrined in our management systems and processes.</p> <p>- See more at:  <a href="http://www.almarai.com/en/community#sthash.MU9UuOyO.dpuf">http://www.almarai.com/en/community#sthash.MU9UuOyO.dpuf</a></p> <p>Mission  To provide quality and nutritious food and beverages that enrich consumers’ lives every day.</p> <p>Vision  To be the consumers’ preferred choice by leading in chosen markets with superior food and bevera</p>
ISO26000 GRI Compliance	
ISO26000 GRI	
Others Observation	Almarai Corporate Governance Code




Saudi Stock Market CSR implication Data Analysis Company Number 57

Name of Company	Web site Address:
Yanbu National Petrochemical Company	www.yansab.com.sa
Saudi CSR Islamic Philanthropy Evidence	
Saudi CSR National competitiveness	
Saudi Corporate Citizenship	
Social Obligation	
Saudi National Economic Development	
Global Enviornments Expectation	
Corporate Strategy National CSR Strategy	
CSR Policy	
Corporate Governance	
Vision Mission	
ISO26000 GRI Compliance	
ISO26000 GRI	
Others Observation	

Saudi Stock Market CSR implication Data Analysis Company Number 58

Name of Company	Web site Address:
Saudi Paper Manufacturing Co.	www.saudipaper.com
Saudi CSR Islamic Philanthropy Evidence	
Saudi CSR National competitiveness	
Saudi Corporate Citizenship	
Social Obligation	
Saudi National Economic Development	
Global Enviornments Expectation	YES

Corporate Strategy National CSR Strategy	
CSR Policy	
Corporate Governance	YES
Vision Mission	<p>Vision To be among the fastest growing companies that contribute to the enrichment of our shareholders' wealth and the preservation of the environment through enterprising in various regional tissue paper companies. =====</p> <p>Mission To be the regional leader of the paper industry through integration and participation in rewarding and lucrative markets. Values Our shareholders love us for growing their wealth Our customers prefer our high product quality and diversity Our suppliers value us for fairness Our markets respect our integrity We are friends of the environment =====Corporate</p> <p>Governance SPMC recognizes the importance of a corporate governance system in reinforcing the transparency and disclosure processes and the need for confidentiality of information requirements as well as the need to regulate and control the relationship of the Board with the Committee formed there from so as to have a clear delineation of the responsibilities of each committee in order to insure the integrity of strategic decisions , which would enhance the performance of SPMC in the short term and the long term and lead to the application of legal processes as well as compliance with the regulations of the Capital Market Authority and the Ministry of Commerce and other financial standards . In application of the Corporate Governance Regulations issued by the Capital Market Authority, SPMC has complied with all the requirements of the Capital</p>

	<p>Market Authority and the Ministry of Commerce and Industry which reinforces the transparency and disclosure processes. These requirements include, but are not limited to, the following:</p> <p>Publication of quarterly financial statements as well as year-end statements on the Tadawul website and in local newspapers in accordance with the required time frames set forth in the regulations.</p> <p>Preparation of the Board of Directors' report in accordance with the disclosure requirements and the Guidance Form prepared by the Capital Market Authority</p> <p>Compliance with the new advertisement form set forth by the Capital Market Authority, and the essential information that should be included in the advertisement and also complying with the required publication dates.</p> <p>Submitting all the statements and disclosure documents required by the Capital Market Authority.</p> <p>No penalties, sanctions, fines or limitations have been imposed on SPMC by the Capital Market Authority or any other supervisory, regulatory or judicial authority.</p> <p><b>Waste Paper and the Environment</b></p> <p>One of the primary activities of Saudi Paper Manufacturing Company is the collection of waste paper which has a positive impact on the environment and society as a whole. Waste paper is defined as used newspapers, magazines, books and cartons. This type of waste represents up to 33% of total waste in some countries which could negatively impact the environment, if not properly handled. The potential harm of waste paper is summarized in the following points:</p> <p>Waste paper normally ends up in garbage disposal dumping sites in</p>
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	<p>quantities that exceed the capacity of the dumping site for these waste materials.</p> <p>Waste paper would be dumped along with the other types of waste materials As a result of the excessive humidity conditions, mosquitoes and other types of insects multiply at very high rates.</p> <p>Burning the waste materials causes pollution to the atmosphere and poses a fire risk to the environment as well as to private property.</p> <p>Leaving the waste materials without treatment would lead to the formation of methane gas ,which is harmful to both human health and to the environment (the global warming phenomenon).</p> <p>Accordingly, the collection of waste paper serves to eliminate these harmful effects and results in the following benefits:</p> <p>Disposing of waste materials in an economical, scientific way.</p> <p>Preserving the environment primarily through preserving its natural resources and the biodiversity of trees through reducing dependence on imported pulp, which depends for its production on cutting down forest trees.</p> <p>Raising environmental awareness and healthy practices of the public.</p> <p>The Saudi Paper Manufacturing Company is committed to continuously increasing its reliance on waste paper as a major factor of production in its manufacturing operations. It has clearly demonstrated this through its investments in paper de-inking technology and waste paper collection centers that are dispersed throughout the Arab world.</p>
ISO26000 GRI Compliance	
ISO26000 GRI	
Others Observation	Almarai is dedicated to maintaining

	the highest standards of quality and performance in all of its activities. This applies equally to the area of Corporate Governance, where the Company is committed to best practice principles in all of its dealings. The Company has a comprehensive Corporate Governance Manual setting out rules for directors and officers to adhere to, in order to protect and further the interests of the Company and its stakeholders.

#### Saudi Stock Market CSR implication Data Analysis Company Number 59

Name of Company	Web site Address:
Saudi International Petrochemical Co	www.sipchem.com
Saudi CSR Islamic Philanthropy Evidence	YES
Saudi CSR National competitiveness	YES
Saudi Corporate Citizenship	YES
Social Obligation	YES
Saudi National Economic Development	YES
Global Enviornments Expectation	
Corporate Strategy National CSR Strategy	YES
CSR Policy	YES
Corporate Governance	yes
Vision Mission	Corporate Social Responsibility ====Social responsibility underpins our world and is tangible in our care for many who need a helping hand, including the under-privileged and disabled. Allocating 1% of annual net profits to community outreach initiatives, Sipchem's Community Services Committee oversees numerous charitable programmes prioritising the development of young people and women. Career Day, a

	<p>monthly Youth Tawasul Forum and the financing of a multi-purpose training centre for women represent some of our recent endeavours benefitting society as a whole.</p> <p>====Our compassionate employees co-ordinate patient hospital visits across the region, blood donation campaigns as well as sizable community celebrations including fetes, flower festivals and Ramadan Breakfasts attended by more than 8000 fasting people.</p> <p>===== Change for Good=====Ever concerned about giving back, Sipchem's visionary community programme benefits from 1% of Sipchem's total net profit each year. This positively impacts the lives of under-privileged children and families through a dynamic range of health, educational, technological, economic, creative and youth initiatives across the Kingdom.</p>
ISO26000 GRI Compliance	
ISO26000 GRI	
Others Observation	

#### Saudi Stock Market CSR implication Data Analysis Company Number 60

Name of Company	Web site Address:
AL-BABTAIN POWER andTELECOMMUNICATION CO	www.al-babtain.com.sa
Saudi CSR Islamic Philanthropy Evidence	YES
Saudi CSR National competitiveness	
Saudi Corporate Citizenship	
Social Obligation	YES
Saudi National Economic Development	YES
Global Enviornments Expectation	yes
Corporate Strategy National CSR Strategy	YES

CSR Policy	YES
Corporate Governance	YES
Vision Mission	Mission states "To be one of the world's leading companies in Power and Telecommunications, acting to satisfy our customers and employees, enhancing shareholders rights and contributing to community welfare through providing competitive quality solutions." Community welfare ===Added section to Corporate Governance , on How to participate in Social responsibility , social contribution page 44 arabic version 10 sections Environmental protection===pollution===Green land for company , noise reduction for workers, First aid for workers==National celebration
ISO26000 GRI Compliance	
ISO26000 GRI	
Others Observation	- See more at: <a href="http://www.almarai.com/en/investors/corporate-governance#sthash.MBgaG8DX.dpuf">http://www.almarai.com/en/investors/corporate-governance#sthash.MBgaG8DX.dpuf</a>

#### Saudi Stock Market CSR implication Data Analysis Company Number 61

Name of Company	Web site Address:
Advanced Petrochemical Company	<a href="http://www.advancedpetrochem.com">www.advancedpetrochem.com</a>
Saudi CSR Islamic Philanthropy Evidence	
Saudi CSR National competitiveness	
Saudi Corporate Citizenship	
Social Obligation	
Saudi National Economic Development	
Global Environments Expectation	
Corporate Strategy National CSR Strategy	
CSR Policy	
Corporate Governance	
Vision Mission	Growing chemical company acting responsibly towards all stakeholders. Mission states ==Provide quality

	<p>products through professional work environment to maximize profit in a socially responsible and sustainable manner. Values=1. Excellence we do the right things right first time; deliver our commitments. 2. customer care; We adjust business processes to best meet customer needs and to ensure customer satisfaction. 3 Continuous Improvement: We proactively recognize business opportunities; benchmark and implement best practices; challenge status quo 4 Team Spirit : we sacrifice own needs for the good of the team; Never undermine team efforts; Celebrate achievements 5. Transparency : We speak up our mind; give positive and constructive feedback. Corporate Governance : Corporate Governance is considered one of the most important subjects for all local and international companies and has been a top priority due to financial crisis faced by various entities in recent past. The regulations and rules of Corporate Governance focus on minimizing the use of management authority in aspects other than the interests of shareholders. It activates the role of the Board of Directors, enhances internal control, follows up on the implementation of strategies, and determines the roles and responsibility of shareholders, the Board of Directors, executive management and stakeholders, as well as confirming the importance of transparency and disclosure Corporate Governance is a system through which the rights and responsibilities of different parties are determined, such as the Board of Directors, managers, shareholders and other stakeholders in the Company. Corporate Governance is also defined as a function of relations between the Company's management, Board of Directors, shareholders and</p>
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	<p>all concerned parties; it is the structure through which the Company's objectives are determined, performance and results are monitored successfully as a result of controlled authority. It is also the system through which all the necessary incentives are provided to the Board of Directors and senior executive management in their pursuit of achieving the agreed upon objectives for serving the best interests of the Company and its shareholders in an efficient and effective manner. Therefore, Advanced Petrochemical Company, as represented by its Board of Directors and executive management, is committed to develop the highest professional standards in the Company complying with the norms and principles hereof and shall apply to all the business of the Company. This Regulation also includes the provisions and rules of Corporate Governance issued by the Saudi Capital Market Authority and Company's Management. This regulation guarantees achieving and applying the following administrative corporate governance principles:</p> <ul style="list-style-type: none"> <li>Protection of shareholders rights</li> <li>Disclosure and transparency</li> <li>Responsibilities of Board of Directors</li> <li>Conflict of Interest</li> <li>Social Responsibility</li> </ul>
ISO26000 GRI Compliance	
ISO26000 GRI	
Others Observation	

Saudi Stock Market CSR implication Data Analysis Company Number 62

Name of Company	Web site Address:
ALABDULLATIF INDUSTRIAL	www.carpets.com

INVESTMENT CO.	
Saudi CSR Islamic Philanthropy Evidence	
Saudi CSR National competitiveness	
Saudi Corporate Citizenship	
Social Obligation	
Saudi National Economic Development	
Global Enviornments Expectation	
Corporate Strategy National CSR Strategy	
CSR Policy	
Corporate Governance	
Vision Mission	
ISO26000 GRI Compliance	
ISO26000 GRI	
Others Observation	

#### Saudi Stock Market CSR implication Data Analysis Company Number 63

Name of Company	Web site Address:
Saudi Kayan Petrochemical Company	www.saudikayan.com
Saudi CSR Islamic Philanthropy Evidence	
Saudi CSR National competitiveness	
Saudi Corporate Citizenship	
Social Obligation	
Saudi National Economic Development	
Global Enviornments Expectation	
Corporate Strategy National CSR Strategy	
CSR Policy	
Corporate Governance	
Vision Mission	part of sabic
ISO26000 GRI Compliance	
ISO26000 GRI	
Others Observation	

Saudi Stock Market CSR implication Data Analysis Company Number 64

Name of Company	Web site Address:
Saudi vitrified clay pipes co.	www.svcp-sa.com
Saudi CSR Islamic Philanthropy Evidence	
Saudi CSR National competitiveness	
Saudi Corporate Citizenship	
Social Obligation	
Saudi National Economic Development	
Global Enviornments Expectation	
Corporate Strategy National CSR Strategy	
CSR Policy	
Corporate Governance	
Vision Mission	No CSR or Corporate Governance compliance with ISO9001 production
ISO26000 GRI Compliance	
ISO26000 GRI	
Others Observation	

Saudi Stock Market CSR implication Data Analysis Company Number 65

Name of Company	Web site Address:
Middle East Specialized Cables Co	www.mesccables.com
Saudi CSR Islamic Philanthropy Evidence	
Saudi CSR National competitiveness	
Saudi Corporate Citizenship	
Social Obligation	
Saudi National Economic Development	
Global Enviornments Expectation	
Corporate Strategy National CSR Strategy	

CSR Policy	
Corporate Governance	
Vision Mission	No vision or mission , No CSR , No CG
ISO26000 GRI Compliance	
ISO26000 GRI	
Others Observation	

Saudi Stock Market CSR implication Data Analysis Company Number 66

Name of Company	Web site Address:
Rabigh Refining and Petrochemical Co	www.petrorabigh.com
Saudi CSR Islamic Philanthropy Evidence	
Saudi CSR National competitiveness	
Saudi Corporate Citizenship	
Social Obligation	
Saudi National Economic Development	
Global Enviornments Expectation	
Corporate Strategy National CSR Strategy	
CSR Policy	
Corporate Governance	
Vision Mission	<p>Petro Rabigh's Vision, Mission and Corporate Objectives</p> <p>Vision: Globally Recognized, Locally Committed</p> <p>Mission: Our mission is to maximize stakeholder value with our integrated resources in a sustainable, world class manner. Corporate Objectives:</p> <ol style="list-style-type: none"> <li>1 Enhance Safety Performance</li> <li>2 Achieve Operational Excellence</li> <li>3 Develop and Retain a Competent Workforce</li> <li>4 Strengthen Teamwork</li> <li>5 Maximize Shareholder Value</li> </ol> <p>=====</p> <p>6 Petrochemicals are the lifeblood of the modern world. They are essential for our survival, our way of living and our health and we owe to</p>

	<p>petrochemicals, a great many items and devices that contribute to making our lives easier, safer and more comfortable. Quality, Health, Safety and Environment (QHSE) Policy</p> <p>7 Petro Rabigh is committed to protect the health and safety of its employees and contractors, the environment, the community and to adequately meet its customers' requirements</p> <p>8 Petro Rabigh shall adopt Best-in-Class industrial practices, recognized international management standards and comply with applicable legal and other requirements pertaining to Quality, Health, Safety and the Environment (QHSE)</p> <p>9 Petro Rabigh aims to sustain continual improvement in all of its activities particularly related to QHSE</p> <p>10 Petro Rabigh will ensure that this policy is effectively communicated and reviewed regularly</p>
ISO26000 GRI Compliance	
ISO26000 GRI	
Others Observation	

#### Saudi Stock Market CSR implication Data Analysis Company Number 67

Name of Company	Web site Address:
Hail Cement Company	<a href="http://www.hailcement.com">www.hailcement.com</a>
Saudi CSR Islamic Philanthropy Evidence	
Saudi CSR National competitiveness	
Saudi Corporate Citizenship	
Social Obligation	
Saudi National Economic Development	

Global Enviornments Expectation	
Corporate Strategy National CSR Strategy	
CSR Policy	
Corporate Governance	
Vision Mission	<p>HCC</p> <p>Our vision</p> <p>To Be Hail Cement Company most efficient cement company at the regional level. Our Mission</p> <p>Cement production with modern technology and qualified cadres and competitive prices to cover the local and regional demand.</p> <p>Values-Work professionally and transparently with simplicity.</p> <ul style="list-style-type: none"> <li>-Truthfulness and honesty.</li> <li>-Excellence and dedication.</li> </ul> <p>Objective of the company :Work in accordance with the values and high ethics and provide a safe working environment and attractive and stimulating.</p> <ul style="list-style-type: none"> <li>- Providing products and services to our customers the quality of permanent and a competitive price.</li> <li>- Contribute to the development of society.</li> <li>- Optimization of natural resources while preserving the environment.</li> <li>- The continued development of our employees and our business and our services.</li> </ul> <p>Governance :Became the rules and principles of corporate governance of the most important topics at the level of the economies of countries in the world, and has become an important element to enhance the success and economic reform and regulatory framework in the light of globalization and openness of the economies of countries on each other and the intense competition, under the conditions and requirements set by international organizations and institutions to accept membership or handling the different countries of the world, institutions and markets of these countries.</p>

	<p>In light of this and in the framework keen Cement Company Hail to preserve the rights of shareholders and all stakeholders relationship to their work, has been prepared Guide to Corporate Governance aims to develop a clear framework that regulates the relations and management where, determines the rights, duties and responsibilities in order to achieve the company's goals and objectives and preserves the rights of shareholders and related parties interests associated with them.</p> <p>Human Resources: The company has developed Hail Cement basics and outlines related to employment, upgrading job, performance evaluation, ethics and rules of professional conduct, as the company's employment policy stresses the opportunities for Saudis, also emphasizes consultation and employee participation in the company's development and preparation of policies.</p> <p>Believes Hail Cement criterion of effective work environment through job satisfaction for workers, so is investing heavily in training and development, and incentives, wages and promotions, and organizational culture and effective work values, and believes in communicating good and work as one team, and is seeking to achieve competitive advantage through a clear strategy for human resources characterized by competence and loyalty, and how to invest in an effective and productive manner, contribute to the success of Hail Cement Company and excellence.</p> <p>As Hail Cement Company believes that the concept of human resource management is based on the fundamental principles and objectives, which are:</p> <p>1- Human beings are the most</p>
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	<p>important asset that we have, which is the foundation of our success.</p> <p>2- Linking the policies and procedures of individual company goals and strategies.</p> <p>3- to attract and recruit the best available human resources.</p> <p>4- the training and development of our human resources in the best way.</p> <p>5- maintain our human resources and create the appropriate environment for them to find some kind of good and effective relations between staff and that allows direct communication between them.</p> <p>6- Making human resources management policies part of the action plans, and reshape the culture of the organization to comply with those policies.</p>
ISO26000 GRI Compliance	
ISO26000 GRI	
Others Observation	

#### Saudi Stock Market CSR implication Data Analysis Company Number 68

Name of Company	Web site Address:
Najran Cement Company	<a href="http://www.najrancement.com">www.najrancement.com</a>
Saudi CSR Islamic Philanthropy Evidence	
Saudi CSR National competitiveness	
Saudi Corporate Citizenship	
Social Obligation	
Saudi National Economic Development	
Global Enviornments Expectation	
Corporate Strategy National CSR Strategy	
CSR Policy	
Corporate Governance	
Vision Mission	CSR , reported Envionmental, Social obligation community, CSR



	activities. Local environments protection according to International regulation through out building sites and production of cement. Planting trees and conduct environmental studies to estimate the environmental damages if any in the area of manufacturing plan. protection of natural resources. recycling natural resources. Cultural and social contribution corporate citizenship for social development. Charity donation and supporting social cultural sport activities.
ISO26000 GRI Compliance	
ISO26000 GRI	
Others Observation	

#### Saudi Stock Market CSR implication Data Analysis Company Number 69

Name of Company	Web site Address:
City Cement Co	<a href="http://www.citycement.sa">www.citycement.sa</a>
Saudi CSR Islamic Philanthropy Evidence	
Saudi CSR National competitiveness	
Saudi Corporate Citizenship	
Social Obligation	
Saudi National Economic Development	
Global Environments Expectation	
Corporate Strategy National CSR Strategy	
CSR Policy	
Corporate Governance	
Vision Mission	Located near holy city madina, Given the urban renaissance and the economic growth witnessed by the Kingdom of Saudi Arabia in recent years, which the Custodian of the Two Holy Mosques has given his full support and attention and urged all the relevant authorities to exert their

	<p>at most to achieve and go in line with this development- a group of businessmen from the industrial sector, armed with their expertise and high efficiency in both trade and industrial fields, notably the cement industry and its derivatives, joined forces to establish a company and a factory using state of the art technology and know-how.</p> <p>The first result of these efforts culminated in the emerging company obtaining a mine permit. This mine contained high quality raw material. The company entered into contracts with international companies to build and equip its factory with the most up-to-date efficient and best quality machines.No CSR policies Vision : Manufacture high quality products Create a healthy attractive work environment Maximize the company's profits and dividends Take care of the company's social responsibility role. (IT is not clear what is the CSR objectives or aim or projects. Mission and goals :Attain a recognized position in the field of cement industry in the Kingdom through providing the clients high quality products and high level services; Upgrade and constantly improve the national cadres' level and create professional work environment; To be environment friendly and to abide by the standards and to apply the safety standards and means; Pay attention to the social responsibility of the company and to contribute in building the society and the nation; To achieve profits and returns on investment for the stakeholders and to reward and strengthen their trust.</p>
ISO26000 GRI Compliance	
ISO26000 GRI	

Others Observation	

Saudi Stock Market CSR implication Data Analysis Company Number 70

Name of Company	Web site Address:
Northern Region Cement Company	www.nrc.com.sa
Saudi CSR Islamic Philanthropy Evidence	
Saudi CSR National competitiveness	
Saudi Corporate Citizenship	
Social Obligation	
Saudi National Economic Development	
Global Environments Expectation	
Corporate Strategy National CSR Strategy	
CSR Policy	
Corporate Governance	
Vision Mission	No vision or mission , No CSR , No CG
ISO26000 GRI Compliance	
ISO26000 GRI	
Others Observation	

Saudi Stock Market CSR implication Data Analysis Company Number 71

Name of Company	Web site Address:
Umm Al-Qura Cement Company	www.uacc-ksa.com
Saudi CSR Islamic Philanthropy Evidence	
Saudi CSR National competitiveness	
Saudi Corporate Citizenship	
Social Obligation	

Saudi National Economic Development	
Global Enviornments Expectation	
Corporate Strategy National CSR Strategy	
CSR Policy	
Corporate Governance	
Vision Mission	
ISO26000 GRI Compliance	
ISO26000 GRI	
Others Observation	

Saudi Stock Market CSR implication Data Analysis Company Number 72

Name of Company	Web site Address:
Arabian Cement Co	www.arabiacement.com
Saudi CSR Islamic Philanthropy Evidence	
Saudi CSR National competitiveness	
Saudi Corporate Citizenship	
Social Obligation	
Saudi National Economic Development	
Global Enviornments Expectation	
Corporate Strategy National CSR Strategy	
CSR Policy	
Corporate Governance	
Vision Mission	CSR , Cultural Centre, for social activities, supporting , cultural activites , training , eduation support, cultural awarness, TRAFFIC and so on. transpraney, supproting local economy, Islamic teaching concepts awarness Islamic and national celebration. No CSR strategy or Policy. no strategic direction ,misconceptualizing CSR parctices in Rabig ,
ISO26000 GRI Compliance	
ISO26000 GRI	
Others Observation	


#### Saudi Stock Market CSR implication Data Analysis Company Number 73

Name of Company	Web site Address:
Yamama Cement Company	www.yamamacement.com.sa
Saudi CSR Islamic Philanthropy Evidence	
Saudi CSR National competitiveness	
Saudi Corporate Citizenship	
Social Obligation	
Saudi National Economic Development	
Global Enviornments Expectation	
Corporate Strategy National CSR Strategy	
CSR Policy	
Corporate Governance	
Vision Mission	No vision or mission , No CSR , No CG Oldest cement company in Saudi Arabia Traditional CSR project
ISO26000 GRI Compliance	
ISO26000 GRI	
Others Observation	

#### Saudi Stock Market CSR implication Data Analysis Company Number 74

Name of Company	Web site Address:
Saudi Cement Company.	www.saudicement.com.sa
Saudi CSR Islamic Philanthropy Evidence	
Saudi CSR National competitiveness	
Saudi Corporate Citizenship	
Social Obligation	
Saudi National Economic Development	

Global Enviornments Expectation	
Corporate Strategy National CSR Strategy	
CSR Policy	
Corporate Governance	
Vision Mission	<p>No CSR COMPANY » VISION and VALUES</p> <p>Company Vision: To be World Class Producer of Building Materials and Strive for Excellence.</p> <p>Company Mission: SCC is one of the premier cement producers in the Kingdom. SCC will be recognized as the best cement company in the region with reputation of having the highest standards in Safety , Health , Environment , Quality , Costs and Advanced Operation through a high performance team that is motivated and committed. SCC shall exceed the expectations of its employees , customers, shareholders and community.</p> <p>Company Values:</p> <p>Profit To achieve sufficient profit to provide an attractive return to our shareholders and to finance our growth</p> <ul style="list-style-type: none"> <li>- Profit is our reward for offering the right kind of products and services.</li> <li>- Profit is the one absolute essential measure of our corporate performance over the long term.</li> <li>- Unless we continue to meet our profit objective, we will not be able to achieve our other corporate objectives.</li> </ul> <p>Customers To provide our clients with quality products and services</p>

	<ul style="list-style-type: none"> <li>- The customer always comes first - we shall make the customer's interests our interests and provide service in a spirit of long-term partnership.</li> <li>- We are committed to earning a preferred position with each of our customers by consistently offering the highest quality and reliability of service.</li> <li>- Our products must represent the best value for money.</li> <li>- Our efforts will be directed only at those markets, industries and products in which we can excel.</li> </ul>
ISO26000 GRI Compliance	
ISO26000 GRI	
Others Observation	

Saudi Stock Market CSR implication Data Analysis Company Number 75

Name of Company	Web site Address:
The Qassim Cement Co	www.qcc.com.sa
Saudi CSR Islamic Philanthropy Evidence	YES
Saudi CSR National competitiveness	
Saudi Corporate Citizenship	
Social Obligation	YES
Saudi National Economic Development	YES
Global Enviornments Expectation	YES
Corporate Strategy National CSR Strategy	
CSR Policy	
Corporate Governance	
Vision Mission	CSR Policy on CSR and Sustainability QCC's corporate social responsibility policy is functioning as a built-in, self regulating mechanism whereby the business is monitoring and ensuring its adherence to law,

	<p>ethical standards and international norms. Our Vision</p> <p>To be a leading regional Cement and Building Materials company recognized for customer focus, high quality and operational excellence.</p> <p>Our Mission</p> <p>To provide consistent high quality cement and building materials in the most efficient and environment friendly manner, and maximize value for all stakeholders.</p> <p>Our Core Values</p> <p>Our Customers</p> <p>A customer focused Company that exceeds customer expectations by providing consistent high quality product and maximizing customer value.</p> <p>Our Investors</p> <p>To preserve and maximize investors' return and value.</p> <p>Our Employees</p> <p>To provide a safe and highly productive working environment that will attract and retain the required professional talent and skills.</p> <p>One of the major QCC's contributions to the corporate social responsibility is its ownership of a new project about to be launched in the central market of Buraydah City. This project is consisting of a sophisticated laboratory that takes care of analyzing the validity and fitness of all types of food for human consumption.</p> <p>Another QCC contribution to Qassim society is the financing of the</p>
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	<p>educational and health sectors and its regular support to youth generation activities. This support covers a number of touristic, cultural and educative activities.</p> <p>Qassim Cement Company is also proud of contributing to an underage handicapped center (Insan) and King Abdul Aziz women charity to provide soft loans for small businesses, moreover, QCC's continued participation in local festivals.</p> <p>On the environmental side, we managed to reduce the CO2 and the dust emissions. It worth mentioning that QCC is applying an advanced quarry management system to preserve the natural resources.</p>
ISO26000 GRI Compliance	
ISO26000 GRI	
Others Observation	